

JPRS 79547

30 November 1981

South and East Asia Report

No. 1072



FOREIGN BROADCAST INFORMATION SERVICE

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SOUTH AND EAST ASIA REPORT

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AUSTRALIA

SYDNEY MEETING OF JAPAN-AUSTRALIA BUSINESSMEN ENDS

OW291301 Tokyo KYODO in English 1230 GMT 29 Oct 81

[Text] Sydney, 29 Oct (KYODO)--A three-day meeting of the Japan-Australia business cooperation committee wound up here Thursday after approving a joint communique predicting a dramatic increase in Australian exports of energy sources to Japan by the end of the 1980s.

The meeting, the 19th of its kind, was attended by leading Japanese and Australian businessmen.

The communique said closer economic cooperation between the two nations means bright prospects for a sharp increase in Japan's imports of steaming coals and other mineral resources from Australia.

The communique said that Japan's total energy imports from Australia could grow to four times the 1981 levels.

It urged the Australian Government to take adequate measures to further develop mining and to reorganize the manufacturing industry; it also asked for liberalized Australian policies on foreign investments in order to further attract Japanese capital investment in Australia.

The communique called for measures to improve labor-management relations in Australia and for further improvement in economic relations between the two nations based on the spirit of mutual reciprocity.

It pointed to the strong desires expressed at the Sydney meeting for further Australian participation in transportation of bulk cargoes to Japan, and for Japanese participation in the transportation of Australian liquefied natural gas (LNG).

The two sides agreed that mutual economic relations would change fundamentally over the coming 20 years as a result of growing interdependence between the two countries, the communique said.

The next meeting of the joint committee is slated for next October, in Kyoto.

CSO: 4220/50

AUSTRALIA

BRIEFS

EXPORT TRADE--Canberra, 14 Oct (AFP)--Following a 32 percent growth in exports in 1979-80, Australia's exports rose only 2 percent in the year ended June 1981. The slowdown was caused by the severe effects of drought on rural exports, the slowdown in the world economy, and an easing of major commodity prices. The 1980-81 annual report of the department of trade and resources, tabled in federal parliament, says Japan remains by far Australia's largest single export market, accounting for about 27 percent of total exports. Exports to the EEC in particular were well down in 1979-80. Of the major industrialised countries, only exports to Canada and the United States recorded significant growth. The report showed Australia's trade account turned from a record surplus of 2,652 million Aust dollars (U.S.\$3,067 million) in 1979-80 to a surplus of 245 million dollars (U.S.\$283 million) in 1980-81. In 1980-81 the value of exports was 19,208 million dollars (U.S.\$22,203 million) and imports 18,955 million dollars (U.S.\$21,920 million). The figures for the previous year were exports 18,870 million dollars (U.S.\$21,821 million) and imports 16,218 million dollars (U.S.\$18,754 million). [Text] [BK161443 Hong Kong AFP in English 0424 GMT 14 Oct 81]

POTENTIAL OIL FIELD--A potential new oil field has been discovered in Bass Strait off southeastern Victoria. The (Beet) Petroleum Company says production tests have shown a flow of 1,800 barrels a day from the West Seahorse No 1 well in which it is an equal partner with Victoria's Gas and Fuel Corporation and the Canadian firm (Hudbay) Oil. Radio Australia's business reporter in Melbourne says West Seahorse is within 3 kilometers of the Seahorse No 1 well found by the Esso-BHP group in 1978 and there was a strong possibility that they are both on the same field. [Text] [BK011139 Melbourne Overseas Service in English 0830 GMT 30 Oct 81]

CSO: 4220/50

REPORT ON RAHMAN'S SPEECH AT MELBOURNE PARLEY

Dacca THE BANGLADESH OBSERVER in English 7 Oct 81 pp 1,12

[Text] Melbourne, Oct. 6--Prime Minister Shah Azizur Rahman today called for the establishment of a dependable "world food security" system by taking "urgent steps" to implement the recommendations of the Dacca meeting of the Commonwealth Ministers of Agriculture, Food and Rural Development, reports BSS.

Endorsing the recommendations, he told the Commonwealth Heads of Government Meeting (CHOGM) that the Commonwealth Ministers who met in Dacca last February recognised the urgent need to increase food production in developed and developing countries alike and establish a viable world food security system.

The leader of Bangladesh delegation Shah Azizur Rahman made the statement at the Commonwealth executive session when the CHOGM Chairman Premier Fraser invited him to speak on food at the end of a debate on economic issues.

Discussion on food initiated by Chairman Fraser was followed by Bangladesh, Canada and India.

Prime Minister Shah Aziz said the Commonwealth Agriculture and Food Ministers noted important components of a system of world food security were increased domestic production, adequate international supplies, stable and fair prices complemented by measures of food aid and assistance to meet the food import needs of the poorer countries.

The Prime Minister stressed the need for sustained and increasing flow of concessional funds to the poorer countries. They also emphasised on the need for a sustained and increase flow of concessional funds to the poorer countries through bilateral and multilateral agencies if hunger was to be eliminated, Shah Aziz said.

Giving the sombre background of the last Commonwealth Ministers meeting in Dacca, Shah Aziz told the CHOGM leaders that the world economic situation deteriorated further since the last summit. The unprecedented combination of high inflation, high unemployment, high interest rates, massive payment deficits, low economic growth, chronic energy problems and depending food in security, was a global phenomenon demanding global approaches.

He said no country was immune from the effects of the gloomy economic outlook. But he pointed out that the developing countries, particularly the Least Developed Countries were the "hardest hit because of a lack of the necessary structural flexibility to cope with the vicissitudes of world economic situation". The Least Developed Countries were in a grim struggle for their survival as the gap between the rich and the poor countries has widened further he said.

Describing the international food situation as "precarious" the Prime Minister said the world food production fell on a per capita basis over last two years and world carry over stocks of cereals was at their lowest level since 1975-76. Although there was some prospect of an improvement this year. The Commonwealth has about forty per cent of population of the developing world distributed in 27 countries of which 15 "have food problems of a very serious nature", he said.

Speaking about Bangladesh efforts to attain self sufficiency in food, the Prime Minister said his country's experience had led them to believe that the Commonwealth could play a significant role in stimulating the development of agriculture production for which many of the members of the Commonwealth including Bangladesh, have great potential.

Shah Aziz told Commonwealth leaders that in the current Five Year Plan top most priority was assigned to agriculture and rural development with one third of total plan allocation earmarked for this sector. Over one thousand canals were excavated with the participation by the people to provide irrigation facilities for raising a third crop during the dry weather. The combined efforts of the Government and the people have within last two years led to an increase in production by over one million tons.

The production of wheat and cotton was a new and striking feature of the developing pattern of diversification of agricultural production in Bangladesh. He said adding that if the increasing demand for inputs like fertilizer and irrigation facilities could be met Bangladesh would be able to attain self sufficiency in food by the end of current plan period.

The Prime Minister recalled the late President Ziaur Rahman's observation made in 1979 Lusaka conference while mooted the proposal for Commonwealth initiative for developing a system of food security.

Describing the recent Paris conference on the Least Developed countries as an "important milestone in the history of development cooperation," the Prime Minister said Bangladesh was encouraged to note the spirit of mutual accommodation demonstrated there. He also expressed satisfaction at the "successful outcome" of the recently held Foreign Ministers meeting in preparation of the forthcoming Cancun summit.

The Prime Minister said the participating countries showed a greater awareness of global nature of our problem and the need for a united and collective approach to regenerate the world economy. "The forthcoming Cancun summit is therefore viewed with optimism and confidence by the international community," Shah Aziz added.

FINANCE MINISTER MEETS PRESS ON RETURN FROM U.S.

Dacca THE BANGLADESH OBSERVER in English 7 Oct 81 pp 1, 12

(Text) Bangladesh has strongly emphasised the need for additional Special Drawing Rights (SDRs) arrangements for the low income developing countries at the recently concluded annual meeting of the International Monetary Fund (IMF) in Washington, Finance Minister Saifur Rahman said in Dacca on Tuesday.

He told BSS on his return to Dacca after attending the meeting of the World Bank and its affiliates that there was need for a fresh infusion of SDRs to help the non-oil Least Developed Countries to weather the present balance of payment problems.

Mr. Saifur Rahman said that the IMF Interim Committee was yet to take a decision on increasing the SDR facilities which was so urgently needed for countries facing huge deficits as a result of decreasing prices of exports, rise in the oil prices and fluctuating currencies.

He, however, hoped that the IMF meeting scheduled to be held in Helsinki in May next year would take a favourable decision with regard to increasing SDR resources.

The Finance Minister stated that there was a general tendency among some major western countries which wanted the World Bank and its affiliates to toughen lending policies.

However, the Finance Minister said that apart from a general realisation that the non-oil LDCs would need increased aid for structural changes and keeping the pace of development moving some leading western countries seemed more concerned with their own economic difficulties.

Those countries, he said emphasised that the developing countries should try to increase their own efforts for internal resource mobilisation "while the international lending agencies could only supplement assistance."

The Finance Minister who had earlier attended the Commonwealth Finance Ministers conference in Bahama said that the Commonwealth Ministers also advocated the need for increasing IMF lending facilities and criticised the high interest rate of the financial institutions.

Mr. Saifur Rahman said that he had also strongly advocated for the immediate creation of an energy affiliate fund of the World Bank for helping the non-oil developing countries with concessional loans and ensure investment in the energy development sectors.

When asked about the attitude of the United States which was a major source of funds for the IFM and other World Bank affiliates, the Finance Minister said that overall US commitment would remain the same while other donor countries would try to make up the shortfalls in any.

Mr. Saifur Rahman said that the World Bank meeting this time was specially significant since it was the first one after the new President of the Bank Mr. A W. Clausen took over. "The meeting gave an opportunity to understand the attitude of the New World Bank chief."

The Finance Minister was however, satisfied that Mr. Clausen had the perception of the needs of the developing countries particularly the LDCs and assured continued support of the Bank to meet the needs of the developing countries.

He said that Mr. Clausen had made particular reference to Bangladesh commending the country's spectacular achievement in the agricultural and rural development sectors.

While in the United States, the Finance Minister also took the opportunity to meet the USAID executives and requested them for increasing their commodity aid and asked for American cotton under the PL-480.

CSO: 4220/7306

FOREIGN MINISTER'S MEETING IN MELBOURNE REPORTED

Dacca THE BANGLADESH OBSERVER in English 7 Oct 81 pp 1, 12

[Text] Melbourne, Oct. 6--Bangladesh Foreign Minister Prof. Shamsul Huq today held a meeting with his Australian counterpart Mr Anthony Street reviewing the progress in bilateral relations between the two countries, reports BSS.

The meeting was held in a friendly and cordial atmosphere and the two Foreign Ministers noted with satisfaction that cooperation in various fields between Bangladesh and Australia has in recent years grown considerably.

Australian Foreign Minister lauded the development efforts of Bangladesh and the effective utilisation of assistance. Professor Huq apprised the Australian Foreign Minister of the current situation in Bangladesh in particular about some of the major development objectives.

Both the Ministers agreed that there was a scope for increasing economic cooperation between Bangladesh and Australia.

The talks between the two Foreign Ministers also covered matters of regional and international concern with particular reference to the deliberations of the Commonwealth heads of government meeting.

They noted with satisfaction the similarity of views among them and also the support of the Commonwealth heads of government meeting to closer North-South cooperation in accelerating the development of the Third World countries in particular the least developed among them.

Bangladesh Foreign Minister extended an invitation to the Australian Foreign Minister who accepted to visit Bangladesh on a mutually convenient date.

Bangladesh Foreign Minister was accompanied by High Court missioner in Australia, retired Air Vice Marshal A.K. Khondakar.

Meanwhile Bangladesh Foreign Minister Prof Shamsul Huq had an informal meeting last evening with a group of leading representatives of the aboriginal communities in Australia.

Prof Huq was received by the President of Aborigines Association Mr James and other office bearers.

They expressed deep appreciation that the Bangladesh Foreign Minister inspite of his busy schedule at CHOGM could find time to meet the representatives of the aboriginal communities. They apprised him about the present status of the aboriginal communities in Australia and some of their major problems.

The Foreign Minister conveyed to them greetings and best wishes of the people of Bangladesh. He said that all people irrespective of race and language belonged to the family of mankind and that the world as a whole had the necessary resources and technology to ensure a good life to mankind. He expressed the hope that the Commonwealth conference would have an important message not only for concerned member states but for all nation to end all inequalities, discriminations and ensure a life of human dignity for all peoples through more enlightened national policies and closer international cooperation.

CSO: 4220/7306

REPORT ON DELEGATE'S STATEMENT TO FOREIGN MINISTERS

Dacca THE BANGLADESH OBSERVER in English 2 Oct 81 p 1

[Text] New York Oct. 1--Bangladesh has expressed its disappointment at the lack of progress with regard to launching of global round of negotiations for internationaleconomic cooperation since the adoption of a resolution on the subject by UN General Assembly nearly two years ago at the initiative of the Group of 77.

While making a statement at the 5th annual meeting of Foreign Ministers of Group of 77 here on Tuesday Deputy Permanent representative Mr. Farooq Sobhan has emphasised that the need for comprehensive and integrated global negotiations continued to remain extremely important. He stressed that an all-out effort should be made during the on-going session of the General Assembly to launch these negotiations without any further delay.

Welcoming the initiative to comment on international meet [text illegible] operation and development in Cancun later this month Mr. Farooq Sobhan expressed the hope that the meeting would achieve a meeting of minds to break present impasse regarding the global negotiations.

The Bangladesh delegate mentioned that the Group of 77 successfully demonstrated its solidarity during negotiations with the developed countries at the recently concluded UN conference on least developed countries in Paris and on new and renewable sources of energy to Nairobi.

CSO: 4220/7296

ASIAN DEVELOPMENT BANK TO AID POWER EXPANSION

Dacca THE BANGLADESH OBSERVER in English 2 Oct 81 pp 1, 12

[Text] The Asian Development Bank (ADB) has approved a 26.5 million dollars concessional loan from its special funds for a power system rehabilitation and expansion project in Bangladesh, reports BSS.

According to an ADB Press release available in Dacca on Thursday, the loan--which has a repayment period of 40 years including a grace period of 10 years and carries an annual service charge of one per cent--is the bank's 40th credit to Bangladesh and the fifth to its power sector.

The objective of the project is to rehabilitate and expand the country's power system so that it can meet the projected demand for electricity, reduce power system losses, improve the reliability of the power system, and upgrade the quality of its operations.

Energy consumption in Bangladesh is estimated at 7.7 million tons of oil equivalent of which about 75 per cent of the country's energy needs are met from non-commercial sources such as agricultural wastes and firewood. On a per capita basis the country's commercial energy consumption was 24.3 kilograms of oil equivalent in 1978, ranking it among the lowest energy consumers in the region.

To improve this situation, both Bangladesh's Second Five-year Plan (1981-85) and national energy policy aim at developing indigenous resources such as natural gas and hydropower, rehabilitating the power system and improving its reliability, establishing a balanced countrywide integrated system, and speeding up the rural electrification programme.

The bank loan approved on September 22 will help Bangladesh meet these objectives specifically, the project is designed to rehabilitate four generating stations, 50 substations and two 132 kv transmission lines, construct two new 132 kv transmission lines, correct the power factor in the 11 kv system, improve four workshops and five warehouses, institute training arrangements in cooperation with the power utility agencies of Thailand concerning systems planning, and provide 240 man-months of consultant services of which 108 will be extended on a grant basis by the Canadian International Development Agency (CIDA).

The total cost of the project is estimated at 42.17 million dollars of which 27.76 million dollars is the foreign exchange component. The bank loan will be used to finance 26.5 million dollars of the foreign currency cost and CIDA's grant of 1.26 million dollars will cover the remainder. The local currency cost of the project will be financed by the government of Bangladesh from its own resources.

The executing agency of the project will be the Bangladesh Power Development Board (BPDB), an agency responsible for generation, transmission and distribution of electric power throughout the country. The project's estimated completion date is June, 1986.

CSO: 4220/7296

LOAN TO SUBSIDIZE YOUTH SELF-EMPLOYMENT PROJECTS

Dacca THE BANGLADESH TIMES in English 4 Oct 81 pp 1, 12

[Text] A loan of Taka seven crore will be distributed during the current fiscal year as the follow-up action of a massive self-employment projects for country's youths drawn up by the Ministry of Youth Development.

The loan, to be sanctioned on the basis of the recommendation of the Bangladesh Jatiya Jubo Sangstha (BJJS) and channelised through various commercial banks, will be advanced to the youths trained under various self-employment schemes of the ministry. Applicants would not require guarantee since BJJS would be responsible for its realisation.

Applications have already been invited. Youths will be able to apply individually or in a group for the loans. The final selection will be complete by November and the payment will follow soon.

Late President Ziaur Rahman felt the necessity of creating a separate ministry for the youths to identify their problems and solve them. The new ministry went into operation in early 1979.

Training Programme

The ministry is now engaged in implementing gigantic task of imparting self-employment training to over 3.5 lakh youths under eight specific youth training programmes during the Second Five-year plan. The fields of training are: agriculture (basic), agriculture (higher), pisciculture, livestock and poultry, vocational trade, secretarial science, auto-mechanism and tele-communication.

The Ministry's two-month long programme on agriculture during 1979-80 gave basic training to 40,000 unemployed youths drawn from 400 rural thanas. Some 30 per cent of these youths were selected on merit for three months' advanced training in co-operatives and marketing, agriculture extension and management and mechanised cultivation.

A total of 32,500 unemployed youths received training on agriculture during 1980-81.

In pisciculture, 23,000 youths are to be trained during the plan period while another 2,000 will have training in marine diesel and allied engines. During past

two years 3,000 youths had already been trained while this year another 2,500 are being trained. In marine fishery, 240 youths were trained during 1980-81. Under the scheme, 30 days' training is being offered in 25 fish seed farms. The number of fish seed farms is likely to be raised from 25 to 36 to cope with the pressure.

In vocational trade, the projected turnover of trained youths is 33,000. At present six months training is being given in 12 selected trades at 50 centres. During 1979-80 nearly 860 youths were trained under this scheme at 34 vocational training centres of the country.

In 1980-81, the number of youths receiving vocational training was 5,800 while the target for 1981-82 has been fixed at 12,000 with number of training centres raised to 66.

Three youth training centres were set up for training on live stock and poultry farming projects at Savar, Sylhet and Rajshahi. About 840 youths received training at two centres as Rajshahi centre is yet to be operational for lack of adequate facilities.

In secretarial science and typing, 6,940 youths, mostly women, are expected to be trained during the Second Five-Year Plan. During 1980-81, about 800 women have been trained. In 1981-82, the number will go up to 1,160.

In 1981, training was given to 51 youths for driving autorickshaws. Arrangements have also been made with the autorickshaw drivers cooperatives to make autorickshaw available to each trainee on hire purchase basis.

The telecommunication project is a new one. During 1980-81, about 130 youths were trained while this fiscal year 1,125 youths are on the roll.

All these training courses are arranged in collaboration with other concerned ministries and the trainees are paid stipends per month.

Abul Kashem

Explaining the loan payment scheme, the State Minister for Youth Development, Mr. Abul Kashem, told The Times that training and employment should run simultaneously to avoid frustration among the trained youths. All the projects aimed at self-employment and financial support would enable the youths settle themselves in life, he said.

Mr. Abul Kashem said that although no collateral security was required for loans, the ministry expected good realisation.

The Minister said that four youths academies would be set up in four divisions while the foundation stone for Shahid Zia Jubo Bhavan, the Headquarters for the Youth Ministry, would be laid this year.

He said that there was a plan to set up 20 youth centres, one in each district next year. These centres would have arrangements for recreational facilities, theoretical training and social motivation.

The State Minister for Youth Development said that during training, special emphasis was being laid on moral education,' All our efforts will be fruitless unless we can improve the morality of our younger generation', he said.

CSO: 4220/7302

BNP SUSPENDS 10 FRONT ORGANIZATION LEADERS

Dacca THE BANGLADESH OBSERVER in English 3 Nov 81 p 1

[Text] The Bangladesh Nationalist Party has suspended ten leaders and members of its different front organisations from Natore for their anti-party activities reports BSS.

According to a party Press release, the decision was taken at a meeting of the BNP Standing Committee in Dacca Friday night. Those suspended have been asked to show cause as to why they shall not be expelled from the party.

The suspended persons are: Mr. Md. Jubayer Hossain, President of Natore Political District Chhatra Dal and Member, Natore District Jubo Dal, Mr. Nurul Ahsan (Bakul) President of Natore District Jubo Dal, Mr. Shahidul Islam (Bachu), Member of Natore District Jubo Dal, Mr. Ruhul Kuddus Talukder (Dulu), Organising Secretary of Natore District Chhatra Dal, Mr. Habibul Islam (Helal), General Secretary of Natore District Chhatra Dal, Mr. Aminul Haque, Member of District Jubo Dal, Mr. Joynal Abedin (Hanif), Member Jubo Dal Mr. Sadeque Ali (Naju), Member of Jubo Dal, Natore District, Mr. Abdul Ghar Khan Chowdhury, President of Natore City Chhatra Dal and Mr. Mizanur Rahman (Shapan) President of Singra Thana Chhatra Dal.

CSO: 4220/7298

BANGLADESH

MINISTER INTERVIEWED ON LABOR MINISTERS PARLEY

Dacca THE BANGLADESH OBSERVER in English 4 Oct 81 p 1

[Text] Bangladesh's proposal to create a fund for financing technical cooperation among Non Aligned countries was unanimously accepted at the recently held meeting of the Coordinating Committee of Non-Aligned Labour Ministers in Baghdad, reports BSS.

Talking to reporters at his office on return from the Iraq capital Minister for Labour and Industrial Welfare Mr. Reazuddin Ahmed said the Bangladesh proposal for setting up of a supervisory body to monitor the progress of the technical cooperation was also accepted.

He said the participants of the meeting viewed Bangladesh proposal as practical step in fulfilling the expectations of the Non-Aligned countries.

The meeting attended by five regional coordinators including Bangladesh was in preparation for the second conference of the Labour Ministers of Non-Aligned countries scheduled to be held in Baghdad on December 12-16.

The first conference of the Labour Ministers of Non-Aligned Group was held in 1978 in Tunis Tunisia. The three day Preparatory Coordinating Committee meeting took place in Baghdad on September 26-28.

Besides over hundred members of the Non-Aligned Group delegates from developed countries will participate in the second Labour Ministers Conference, Mr. Ahmed said, while staying in Iraq, the Bangladesh Labour Minister held talks with his Iraqi counterpart regarding exchange of trade union leaders among the Non-Aligned countries.

CEO: 4220/7301

WRITER DISCUSSES IMPORT POLICY IMPLEMENTATION

Dacca THE BANGLADESH OBSERVER in English 4 Oct 61 p 5

[Article by Prof. Shamsul Huda]

[Text] The objective of an import policy is to ensure adequate raw materials and spares for better performance of the industries to make up for the shortfall, if any, by imported consumer goods. However, in spite of good objective, an import policy is as good as its implementation.

Last year's total import allocation of our import policy and utilization thereof was Tk. 2600 crore. The current year allocation is estimated at Tk. 2950 crore i.e. Tk. 350 crore (13.47%) increased allocation over last year's. But the prices of the finished commodities raw materials and spares in the foreign market have increased in most of the cases, by more than 20%. In the domestic market demand has also increased by more than 5%. As such the volume of imports in terms of goods will be 11.53% less than that of the last year's import. Besides, the target of imports under Wage Earner Scheme of T, 600 crore may not be attained due to withdrawal of 20% concessional rates of duty.

It may be mentioned that out of the total allocation of Tk. 2950 crore sector-wise allocation has been as follows: 1) Commercial imports--Finished & Semi-finished goods: Private Sector 11% i.e. Tk. 324.5 crore Public Sector 10% i.e. Tk. 295 crore Total 21% i.e. Tk. 619.5 crore. 2) Industrial imports--Raw materials, packing materials, spares: Private Sector 26% i.e. Tk. 767 crore, Public Sector 51% i.e. Tk. 1563.5 crore Total 77% i.e. Tk. 2330.5 crore.

The above statistics show that public sector allocation for industrial imports is much higher than that of private sector. The main reason behind it is apparently that the lion's share of industries is in the public sector. The comparatively small private sector imports have however been subjected to stringent credit restriction.

L/C MARGIN: Bangladesh Bank, by its circulars, has imposed restrictions on L/C margin. The Commercial Banks have been directed to open L/C against the following minimum L/C margin: 1) For imports under Commercial License--Not less than 50% 2) For imports under Industrial Licence and some essential items--Not less than 25% 3) Restriction has also been imposed against financing imports under WES/XPL.

Commercial banks have been directed not to advance more than 25% of the value of the balance in F.C. Accounts/AIP's at official rate of exchange. 4) Public Sector has been allowed to open L/C only against 5% margin.

The above credit restrictions have created problems to utilize the licences and it is naturally apprehended that this may affect the proper implementation of the import policy in the private sector. This however calls for relaxation in the credit restriction.

There are also other hurdles in the implementation of the import policy. The condition that no amendment or revalidation of L/C shall be made without prior permission of the licensing authority, is likely to cause delay in shipment. The banks should be authorised to amend the L/C in order to ensure prompt shipment of the goods.

It is reported that goods against large number of L/C are awaiting at different ports for shipment for want of L/C validity. Revalidation and amendment of L/C should be allowed in order to facilitate shipment of these goods.

The power of regional licensing offices relating to revalidation of licences and L/C authorizations has been withdrawn and vested with the Chief Controller's office. The regional licensing office will now accept applications for revalidation and will forward the same to the Chief Controller's office for order.

The regional licensing offices should be delegated power to revalidate licence L/C authorization for expeditious disposal of cases.

Commercial importers have been allowed to open L/C for 50% of their annual share during July-December 1981 and for the balance 50% during January-June 1982. When the annual basis under cash is less than Tk. 30,000 00, the half yearly 50% share is uneconomical for opening L/C. Moreover, foreign buyers do not accept L/C if it is of less than US \$ 1000.00. In these cases the importers should be allowed to utilize their annual share at a time to make the imports economical and viable.

IMPORT OF SAMPLES: Local agents of foreign suppliers have been allowed to import samples within total value of Tk. 2000.00 in a year provided such samples are not brought in a normal export packing. But there are items which individually may be valued over Tk. 2000.00. Due to value restriction goods valued over Tk. 2000.00 cannot be imported. Since no foreign exchange payment is involved and country is benefited samples valued up to Tk 5000.00 may be allowed to be imported by the local agents.

The generic description of certain items is insufficient relating to ITC classification mentioned against them. Full description of the items should be given in order to avoid confusion at custom point. In this connection mention may be made of the items like earthen ware vitreous China plastic and stainless steels, wash basin pedestals, urinals, closets cistern, seat and cover, bidets sinks etc. with sanitary fittings and fixtures. Alternately in the remarks column the words stainless steel sinks sanitary fittings and fixtures all sorts be added for further clarity.

It may be mentioned that now-a-days sanitary wares and fittings are made of plastic and stainless steel which are cheaper than the porcelain ceramic sanitary wares. As such these items made of plastic and stainless steel should be allowed to be imported along with porcelain ceramic sanitary wares.

WAGE EARNERS SCHEME: With the restriction imposed on import of poplin (cotton fabrics) above 32 counts its price in the local market has gone up from Tk. 4 to Tk. 6 per yard. As a result the consumers are suffering. For the greater interest of consumers and to keep the price stable the policy should be realistically reviewed taking into consideration the country's requirement and the domestic production.

Withdrawal of concessionary duty benefits on goods imported under Wage Earners Scheme will discourage import. Of late the IP rate has gone up considerably. As a result cost of import under Wage Earners Scheme has become higher and uneconomic.

For smooth industrialisation and to keep the cost of products competitive the duty benefit on Wage Earners Scheme should be continued as before.

The Wage Earner Export Financing Scheme of nationalised banks needs to be rationalised by allowing advance on the auctioned value instead of official rate for both industrial and commercial importers as the difference between IP rate and official rate is much higher due to increase in IP rates recently.

UTILISATION OF INDUSTRIAL LICENCE: The condition that the industrial consumers who could not utilize 50% of the total value of their licences issued to them under aid, barter and loan during 1980-81 shall not get any licence in cash during 1981-82 may be withdrawn. The genuineness of default should be realistically examined and restrictive clause should be relaxed in order to keep the wheel of industries smoothly going.

BASIS OF LICENSING: Half yearly entitlement fixed by sponsoring authority is based on 75% capacity of the projects on one shift basis, but some times industries have to work in three shifts. In that case import of raw materials falls short of actual requirement. As a result industries have to suffer.

It is imperative that import entitlement of any industry should not be less than 100%. In some cases for spares it should be increased to 2000% to 300% in view of the high prices prevailing in the foreign markets.

CSO: 4220/7301

CREDIT MARGIN FOR RAW MATERIAL IMPORT REDUCED

Dacca THE BANGLADESH OBSERVER in English 15 Oct 81 p 1

[Text] The Government has reduced the margin for letter of credit for the import of industrial raw materials and essential goods both under normal licence and Wage Earners' Scheme for facilitating the import of these commodities. At the same time, Government has raised the L/C margin to 100 per cent of the price of foreign exchange to discourage import of comparatively nonessential items and some items with sufficient local production, says a Press release of the Bangladesh Bank issued on Wednesday.

The Press release says that the L/C margin for the import of industrial raw materials and essential consumer goods has been reduced to 15 per cent from 25 per cent and under Wage Earners Scheme for the import of same items the margin has been slashed down to 30 per cent from the present margin of 40 per cent. In the first week of August some modifications have been made in respect of the banks advances for import under normal licence and Wage Earners' Scheme. These modifications have been done on the basis of representations from business community with a view to facilitating import of raw materials and essential goods and to induce the importers of the comparatively non-essential items to use more of their own resources thereby reducing the pressure on banks. The L/C margin has been raised to 1000 per cent for the following items air-conditioner, complete bi-cycle, domestic refrigerator, electric ceiling table and pedestal fans motor cars new or reconditioned and new or second hand reconditioned trucks buses etc.

CSO: 4220/7309

EDITOR COMMENTS ON IMPROVEMENT IN FOOD SUPPLIES

Dacca THE BANGLADESH OBSERVER in English 2 Oct 81 p 5

[Editorial]

[Text] In a food-deficit country like Bangladesh, the monitoring of stocks and management of food is a very important matter. The same has to be done from time to time and at a level high enough to take appropriate steps for correcting the pitfalls. From this point of view the current review of food situation assumes greater importance. This is so due to the fact that the food stock has showed an upward trend in recent months and the forthcoming season may yield better production. Such an optimism is based on the relatively normal climatic conditions which enable the growers to produce more. Moreover, the impact of continued supply of inputs including irrigation waters, fertilizer and seeds may be positive vis-a-vis production in the coming season.

Admittedly the current level of stock in the country is largely dependable. Over fourteen lakh tons of food grain is reported to be in stock in the godowns, and silos in the country. And more of it may be available in the future as buffer stock. Such an arrangement is bound to have stabilizing effect on the food market. If more storage facilities are built in the coming years the management of food grain will be further facilitated. Apparently, the government has entered into deals with major suppliers in the world and some quantity of food grain has already reached the Chittagong port in the recent weeks. The internal procurement drive, for which the administrative machinery is poised, may lead to further augmentation of stock in the country with consequent benefits to the people.

The Acting President Mr. Justice Abdus Sattar reviewed the overall food situation in a meeting at Bangabhaban yesterday. He urged all concerned to keep management of food sector uppermost in their minds. He would like all to do their best in managing the current stock and ensuring procurement in the harvesting season. It is to be noted that the government has already fixed the procurement price of food grain and the same will have salutary effect on the market. Growers should be assured of continued supply of inputs including fertilizer and fair price for their products if they intend to sell food grain either in the open market or to the official procurement agents. Beyond that, issues connected with quality, storage, movement and distribution should be handled effectively for a better deal to growers and ultimate consumers.

It is to be noted that the people in this country have experienced vicissitudes including what is called living below the poverty line. Some of them suffered from malnutrition, whereby they lost their potentiality to work and contribute to over-all development in the country. With a good buffer stock of food the authorities may be able to forestall recurrence of such problems in the country. This aspect of the food situation is bound to have positive contribution ultimately to the economy. As it is, the entire programme will depend on the contribution of farmers, who shoulder the responsibility of increasing production, and the official agencies which manage the food front. The other institutional arrangements including the local government bodies and the gram sarkar should be strengthened and utilized for supporting the food programme in coming years. We endorse current monitoring of food by the highest authority and look for a better deal to the people.

CSO: 4220/7296

TROOPS SAID TO OPPOSE INSURGENTS IN HILL TRACTS

Calcutta THE STATESMAN in English 20 Oct 81 p 9

[Text] Agartala, Oct. 19--Troops have been deployed at sensitive points in the Chittagong hill tracts of Bangladesh following the recent spurt in commando activities by armed "Shanti Vahini" insurgents who mounted a series of attacks on non-tribal resettlers' colonies and Government establishments, according to reports received from across the border.

Four steam barges of the Bangladesh Development Corporation were blown off by highly explosive material by the insurgents on the "Kachalong" river at Hajachhari under the Dighinala police station of the hill tracts recently, according to a delayed report received here.

The barges were on their way to Bagai Chhara from Marissa along the river. They were intercepted and cordoned off by nearly a 100 Chakma insurgents with automatic weapons. They compelled the officials on board to get down at gunpoint and the barges were blown off. The hostiles snatched money from the officials but allowed them to go unhurt. The loss is estimated to be of around 50 lakhs taka.

The steel bridge at Silachhari were also blown off by powerful grenades by the hostiles when the ferry service at Kamalchari was dislodged.

The Shanti Vahini hostiles mounted a sudden attack on a non-tribal resettler's colony at Alotilla under the Bashgarh police station on October 12. Nine non-tribals were killed on the spot and more than 15 seriously injured.

The insurgents had set fire to nearly 100 huts in the colony. The most severe attack was launched by the hostiles at Gomoti Chara in Lower Hill Chittagong on resettlers' colonies on September 23. Nearly 300 people, including civilians and Security Force personnel, were killed during a fierce exchange of fire.

The brigade commander from the Khagrachhari Army base, colonel Ahsan Rahman, along with three local leaders held a public meeting in the area on September 25 to restore the morale of the non-tribal resettlers.

A two-hour-long exchange of fire between the Chakma rebels and the Bangladesh Security Force raged in a forest area near Alotilla. Ten on either side were reported killed on October 10.

Panic has gripped the non-tribal colonies in the hill tracts. More than 100,000 repatriates from Burma and landless Muslims from plains of Chittagong and Noakhali districts were given resettlement in these colonies by the Bangladesh Government apparently to break the compactness of the rebel-infested hill tracts. The security forces have been deployed to guard these colonies.

The Bangladesh Government has opened a number of relief camps for the non-tribal resettlers who have been rendered homeless following the recent disturbances.

Official sources in Tripura believe the repatriation of the Bangladesh tribals who have crossed over to the southern Tripura areas since June 27 may not be so easy since the Bangladesh Rifles have imposed pre-condition that the nationality of the evacuees will have to be proved.

According to reports from across the border, as many as 200 villages in 35 moujas under the Belchhari, Tabalchhari and Guimara union parishads comprising an estimated tribal population of 23,000 were affected during the recent disturbances in the Chittagong hill tracts.

The Chief Minister, Mr Nripen Chakraborti, will leave for Delhi on October 25 to apprise the Centre of the latest border situation.

CSO: 4220/7288

SATTAR SENDS ANNIVERSARY GREETINGS TO PRC LEADERS

Dacca THE BANGLADESH OBSERVER in English 1 Oct 81 pp 1, 12

[Text] The Acting President, Mr. Justice Abdus Sattar has sent a message of felicitations to the Chairman of the Central Committee of the Communist Party of the People's Republic of China Mr. Hu Yao Bang on the occasion of the 32nd anniversary of the founding of the Republic of China, reports BSS.

A similar message was also sent to the Premier of the State Council of the People's Republic of China. Mr. Zhao Ziyang by the Acting President.

In his message to Mr. Hu Yao Bang, Justice Sattar said, "I extend Your Excellency and the friendly people of China our warmest greetings and best wishes on the August occasion of the 32nd anniversary of the founding of the People's Republic of China.

I sincerely hope that the existing excellent relations and friendship between our two peoples which go back to centuries will continue to grow in depth and dimension in future.

I am confident that the great Chinese people will continue to make positive and lasting contributions towards the preservation and promotion of peace and stability in the world and achieve greater progress and prosperity at home.

I avail of this opportunity to wish Your Excellency good health, happiness and long life and the friendly Chinese people peace and prosperity.

Please accept Excellency, the assurances of my highest consideration and warmest regards.

The Acting President in his message to Mr. Zhao Ziyang said, the Government and the people of Bangladesh join me in extending our heartiest greeting and warmest felicitations to Your Excellency and the friendly people of China on the historic occasion of the 32nd anniversary of the founding of the Republic of China.

We confidently look forward to further consolidation of the excellent relations that so happily exist between our two friendly countries, fruitful cooperation between our two neighbouring countries in various fields of human endeavour have

been growing steadily. It is our firm believe that this growing bonds of friendship and cooperation would make positive contribution towards achieving global peace and stability.

I avail of this opportunity to wish Your Excellency good health, happiness and long life and the friendly Chinese people peace, progress and prosperity.

Please accept, Excellency, the assurances of my highest consideration and warm personal regards."

CSO: 4220/7294

BRIEFS

DEATH OF MP--Nawabzada Hasan Ali Chowdhury, a BNP Member of Parliament from Dhanbari in Tangail died of heart failure at ICUDR. Shahid Suhrawardy Hospital. He was 71. Nawabzada Syed Hasan Ali Chowdhury was born on September 20 in 1910 in Nawabbari of Dhanbari, Tangail. Educated at Dacca Madrasah and Aligarh, Mr Chowdhury was member of various renowned institutions. He was member of Bengal Legislative Assembly during 1937-45. He published along with Shahid Suhrawardy the 'Daily Ittehad' in 1946. He was member of East Pakistan Assembly in 1962 and appointed a minister. He was elected member of Bangladesh Jatiya Sangsad in 1979. [Excerpts] [Dacca THE BANGLADESH TIMES in English 1 Oct 81 p 1]

PRC EMBASSY RECEPTION--Mr Siu Shunging, Ambassador of China to Bangladesh, arranged a reception on Tuesday to celebrate the 32nd anniversary of the founding of the People's Republic of China. Speaker Mirza Golan Haliz, Deputy Prime Minister Mr S.A. Bari AT, Minister for Power, Water Resources and Flood Control Kazi Anwarul Huq Minister for Information and Broadcasting Mr Shamsul Huda Choudhury, Minister for Jute Mr Habibullah Khan, some state Ministers, political leaders, diplomats, prominent citizens and high officials were present at the largely attended reception. [Dacca THE BANGLADESH TIMES in English 1 Oct 81 p 8]

SAUDI GRANT REPORTED--Bangladesh will receive 100 million US dollars as a Saudi grant for import of commodities, spares and machinery, according to a PID handout. An agreement to this effect was signed by the Finance Ministers of Saudi Arabia and Bangladesh in Washington on Wednesday on behalf of their respective governments. A similar agreement was signed between these two countries in 1978. [Dacca THE BANGLADESH TIMES in English 2 Oct 81 p 1]

NEW NEPALESE AMBASSADOR--Kathmandu, Oct. 2--Former Foreign Minister Gehendra Bahadur Rajbhandari 53, was today appointed Nepalese Ambassador to Bangladesh by King Birendra, the Royal Press secretariate announced. The newly appointed Ambassador was also Chairman of the Nepalese Delegation to the UN General Assembly. [Dacca THE BANGLADESH TIMES in English 3 Oct 81 p 8]

MIRZA TO PRC--The ailing Ganotantrik Party Chief Mr Nurul Huda Mirza left Dacca for Peking on Friday for treatment in China. Mr Mirza was earlier hospitalised following a heart attack on August 9. A large number of party workers and officials of the Chinese embassy in Dacca saw Mr Mirza off at the airport. [Dacca THE BANGLADESH TIMES in English 3 Oct 81 p 8]

SYRIAN JUTE PURCHASES--Syria has purchased 12,523 tons (35,700 bales) of jute goods worth over Taka 14,868 crore from the Bangladesh Jute Mills Corporation under two separate agreements signed in Damascus recently, reports BSS. BJMC sources said in Dacca on Saturday that the jute goods included hessian sacking. Earlier last June Syria had purchased jute goods worth about Taka 22,271 crore from Bangladesh. In September alone 59,280 tons of jute goods were shipped to different countries of the world which is the highest monthly export in the history of the country's jute industry, the sources said. Bangladesh Jute Mills Corporation earned about Taka 162.2 crore in foreign exchange in the first-quarter of the current financial year. [Dacca THE BANGLADESH TIMES in English 4 Oct 81 p 1]

NEW FREEDOM FIGHTERS ORGANIZATION--A representative meeting of the leading freedom fighters from different thanas subdivisions and districts held in Dacca on Sunday formed a new organisation styled "Jatiya Muktiyoddha Sangsad" according to a Press release of the Sangsad, reports BSS. Presided over by Mr Habibul Huq Khan Benu, the meeting also formed a 121-member national convening committee with Mr Khan as its convener. The press release said the meeting observed that the leaders of different freedom fighters' organisations were defaming the struggling tradition of the freedom fighters in the name of politics and it condemned such attempts. Mr Habibul Huq Khan termed the call of Lt Gen H M Ershad Chief Adviser Bangladesh Muktiyoddha Sangsad, for a requisition council meeting of the Sangsad as a "heroic decision" the Press release added. [Dacca THE BANGLADESH TIMES in Engl' h 5 Oct 81 pp 1, 8]

DIRECTIVE ON OIL--Acting President Mr. Justice Abdus Sattar on Monday directed the implementation agencies to step up their efforts to reduce the country's dependence on imported Petroleum Oil Lubrication (POL) through greater use of LPG, CNG and bio-gas, reports BSS. The directive was given at the meeting of the national committee on energy held in Dacca at Bangabhaban on Monday morning with the Acting President in the chair. The committee also reviewed the progress of implementation of important projects in the energy sector. [Dacca THE BANGLADESH TIMES in English 6 Oct 81 p 8]

LOAN FOR AGRICULTURE--Rome, Oct. 13--The International Funds for Agricultural Development (IFAD) today announced a 23 million dollar loan to Bangladesh reports Reuter. IFAD said the loan would finance a rural development project in Jessore and Faridpur districts which when completed would double the earnings of about 230 000 households through the adoption of improved farming methods. The loan repayable in 50 years includes a 10-year grace period and an interest rate of one per cent a year. [Dacca THE BANGLADESH TIMES in English 14 Oct 81 p 1]

SUPPORT TO PLO--The namaz-e janaza of Shaheed Chunna Mollah who died in the Lebanon recently as volunteer for the PLO was held in Dacca on Tuesday at the Baitul Mukarram mosque, reports BSS. The janaza was attended among others by Foreign Minister Prof M. Shamsul Huq, Minister for Telephone and Telegraph Mr. A.K.M. Nayeedul Islam and the PLO representative in Dacca Mr. Ahmed Abdur Razeq. Speaking briefly at the namaz-e-janaza, Foreign Minister Prof. Huq reiterated Ban Radesh's continued support for and solidarity with the just struggle of the Palestinians to have their own independent homeland. He said that Bangladesh was ready to make any sacrifice for the Palestinian people in their struggle. The Foreign Minister expressed confidence that the rights of the Palestinians to have their own homeland would be achieved in near future. [Excerpt] [Dacca THE BANGLADESH TIMES in English 14 Oct 81 p 1]

LEFTIST LEADER DIES--Mr Nagen Sarkar, General Secretary of Bangladesher Samyabadi Dal (M-L) breathed his last at Savar Cano Shastha Kendra on Tuesday. He was 83. Mr. Sarkar was suffering from protracted illness for a long time and he was under treatment at the Savar Cano Sastha Kendra. Born in Kishoreganj Mr. Nagen Sarkar had a long political career and was associated with left political activities. He joined the Indian Communist Party and worked for peasants. During his long political career he was imprisoned a number of times. Presidential candidate General (Retd) M.A.G. Osmani in a statement condoled the death of Mr Nagen Sarkar. He said that the late leftist leader played a significant role in the anti-British movement as well as all democratic and anti-imperialist movements in the country. [Excerpts] [Dacca THE BANGLADESH OBSERVER in English 14 Oct 81 p 8]

JSD POLITICIAN MURDERED--Mr Abdul Awal, a political leader and former administrator of Adamjee Jute Mills has been killed by unknown assassins. The charred body of Mr Awal was recovered the Savar police from a bush off Dacca-Aricha road near Savar Bazar on Tuesday afternoon. The details of the killing could not be gathered as neither the district Police Control Room could say anything about the killing nor the Savar police was available over telephone. Born in 1933 in district of Comilla Mr Awal was closely associated with Language Movement of 1952 and the following year was elected General Secretary of the erstwhile East Pakistan Student League. He was associated with the weekly Ittefaq and then daily Ittefaq as Assistant Editor from 1951 to late fifties. He was a senior officer of Adamjee Jute Mills in pre-liberation days. After independence he was appointed Administrator of the Adamjee Group of Industries. Mr Awal later joined active politics and associated himself in early seventies with newly-formed JSD. In late seventies when JSD was banned for some time Mr Awal tried to revive the party and became its convener. He left behind his wife, two sons, one daughter. His Namaz-e-Janaza will be held today (Wednesday) at Baitul Mukarram at 11 a.m. [Excerpts] [Dacca THE BANGLADESH OBSERVER in English 14 Oct 81 pp 1, 8]

ABORIGINAL WELFARE UNIT--A delegation of the Bangladesh Aboriginal Tribal Welfare Federation led by its convenors Prof Michael Bemalo and Mr Promod Mankin called on the Acting President Mr Justice Abdus Sattar at Bangabhaban on Tuesday morning, reports BSS. The Acting President assured the delegation that the Government would set up an 'Adibasi-Upojati Development Board' for the overall development of the aboriginal tribals. Office-bearers of the Bangladesh Jajabar Samaj Karyan Samity called on the Acting President, Mr Justice Abdus Sattar at Bangabhaban on Tuesday. They discussed with the Acting President details about the permanent rehabilitation of the Jajabars. The Acting President assured them that the Government would look into their problems. [Dacca THE BANGLADESH OBSERVER in English 14 Oct 81 p 8]

DIRECTIVE ON JUTE--The National Economic Council in a meeting on Wednesday at Bangabhaban with the Acting President Mr. Justice Abdus Sattar in the chair reviewed the internal and external market position of jute and jute goods, reports BSS. The meeting also reviewed the price situation of jute and jute goods. The Council directed the Jute Ministry to take measures for expansion of the market for jute and jute goods to ensure the cultivators fair price for their products. [Dacca THE BANGLADESH OBSERVER in English 15 Oct 81 p 1]

NDF MEMBER EXPELLED--A meeting of the Presidium of National Democratic Front in a meeting on Monday Expelled Mr. Mojibur Rahman, a member of the Presidium, from the Presidium and NDF for his anti-front role. The meeting also accepted the joining of Jatiya Sebak League headed by Mr. Ali Amjad Khan in the NDF. [Dacca THE BANGLADESH TIMES in English 15 Oct 81 p 3]

PRIMARY TEACHERS ORGANIZATION--A new organisation for primary teachers called 'Jatiya Prathamik Sikkhak Kalyan Samity' with Prof. M. A. Rauf as Chairman was formed in the city. The organisation aims at bringing out the teachers from the clutches of vested interests, organising them and channelising their efforts towards the nation-building activities. The new organisation will also work for materialising the mass literacy programme enunciated by late President Ziaur Rahman as part of his peaceful revolution. [Dacca THE BANGLADESH TIMES in English 15 Oct 81 p 8]

CSO: 4220/7312

BRIEFS

AMBASSADOR TO JAPAN--The president of the Socialist Republic of the Union of Burma has appointed Zeya Kyaw Htin U Kyi Maung, ambassador extraordinary and plenipotentiary of the Socialist Republic of the Union of Burma to the United Kingdom, as ambassador extraordinary and plenipotentiary of the Socialist Republic of the Union of Burma to Japan. [Text] [BK280409 Rangoon WORKING PEOPLE'S DAILY in English 16 Oct 81 p 1]

AMBASSADOR TO UNITED KINGDOM--The president of the Socialist Republic of the Union of Burma has appointed U Myo Aung, director-general, consular, international law and treaty and research department, Ministry of Foreign Affairs, as ambassador extraordinary and plenipotentiary of the Socialist Republic of the Union of Burma to the United Kingdom. [Text] [BK280409 Rangoon WORKING PEOPLE'S DAILY in English 16 Oct 81 p 1]

AMBASSADOR TO CZECHOSLOVAKIA--The president of the Socialist Republic of the Union of Burma has appointed U Hla Swe, ambassador extraordinary and plenipotentiary of the Socialist Republic of the Union of Burma to the Republic of Indonesia, as ambassador extraordinary and plenipotentiary of the Socialist Republic of the Union of Burma to the Czechoslovak Socialist Republic. [Text] [BK280409 Rangoon WORKING PEOPLE'S DAILY in English 16 Oct 81 p 1]

ARMY ATTACKS CAMP--There is a camp called (Ho-Ya), 4 miles northeast of Mong Yawng, where the military government's mercenary army is stationed. The 2d company of the mercenary 14th infantry regiment, which was based at that camp, was persecuting people in villages within its reach. On 6 November, the people's army launched a storm attack on the camp of the evil-doers. In that battle, the people's army killed 36 enemy soldiers and captured 6 others. Of those taken prisoner, four who were wounded were released unharmed at the battle site. The people's army seized 15 carbines, 19 G-2's, 14 G-4's, 2 2-inch mortars, 3 mortars with folding stocks, over 30 rounds for the collapsible mortar, over 20 shells for the 81-mm mortar, over 10 (Ba-80) bombs, 19 grenades, more than 7,500 rounds of assorted ammunition and other war materiel. [Text] [BK150721 (Clandestine) Voice of the People of Burma in Burma to Burma 0030 GMT 15 Nov 81]

PEOPLE'S ARMY ACTIVITIES--Combat news from eastern Keng Tung: On 23 and 27 October, mines planted by small units of the people's army at (Nanje) and (Nankat) killed three enemy soldiers and wounded three others. On 29 October, the people's army attacked and overran (Hoko Phaya) hill near Mong Yu where two companies of the 2d column of the military government's mercenary 1st chin rifles regiment were stationed. Six enemy soldiers were killed and more than 10 others were wounded. The people's army seized 5 carbines, 1 G-4, 1 bazooka, 7 bazooka shells, 40 mortar shells, 2 mines and almost 3,000 rounds of various types of ammunition. On 1 November, an ambush by a small unit of the people's army near (Man Tang), Mong Yawng, killed one enemy soldier and wounded another. On the same day, a clash with the military government's mercenary army broke out at (Man Hpa-Kyauk) and (Man Na-Hkai) in Mong Yawng field. One enemy soldier was wounded. One G-4 and 200 rounds of ammunition were seized from the enemy. [Text] [BK110927 (Clandestine) Voice of the People of Burma in Burmese to Burma 0030 GMT 11 Nov 81]

'VOPB' REPORTS COMBAT NEWS--Combat news: On 31 August, a small unit of the people's army launched a surprise attack on (Paw Hliang) enemy camp in Mong Yang, killing one enemy soldier. On 8 July, the people's army clashed with the military government's mercenary 14th infantry regiment. Three enemy soldiers were killed and five were wounded during the clash. On 1 November, a unit from the people's army attacked the military government's defense volunteers and the mercenary 4th chin rifles regiment, who were guarding the (Mang Kang) bridge between Keng Tung and Loi Hwe. Seven enemy soldiers, including one defense volunteer, were killed and six, including five defense volunteers, were captured during the attack. Four carbines, 3 G-2's, 1 G-3, 2 pistols carried by defense volunteers and 2,000 rounds of assorted ammunition and other military equipment were seized from the enemy. By the people's army. [Text] [BK131022 (Clandestine) Voice of the People of Burma in Burmese to Burma 0030 GMT 13 Nov 81]

CSO: 4211/4

WASHINGTON CORRESPONDENT'S REPORTAGE ON IMF TALKS

Months of Secret Discussions

Madras THE HINDU in English 16 Oct 81 p 9

[Article by N. Ram]

[Text]

WASHINGTON, Oct. 15

Facing a spot of controversy a few months ago, India's Finance Minister, Mr R Venkatasraman, offered to make the documents relating to the five billion SDR IMF loan "almost public".

Later (in a briefing to Indian journalists during the 1981 annual meeting of the Fund and the World Bank) he clarified the position thus. The Government of India planned after the loan was approved, to release a statement summarising the details. He explained that these documents were never released (despite the fact that perhaps 50 copies might be expected to circulate within the IMF).

At that time the Finance Minister said the formal application — in the form of a letter of intent from the Government of India — would be sent shortly to the IMF. The letter (along with a longer annexed memorandum) was duly sent — on September 28, 1981.

The text, as available in confidential agenda papers circulated to the Fund's 22-member Executive Board, is given below.

Finance Minister
India

September 28, 1981

Dear Mr De Larosiere

1. The Government of India is currently implementing a set of policies designed to achieve a medium-term adjustment to the structural changes to which the economy has been subjected following, among other things, the sharp deterioration in terms of trade and to higher oil prices. These policies are an integral part of the Sixth Plan (1980-81 — 1984-85).

2. After several years of strong economic performance marked by sustained

growth in output, internal price stability and a healthier external payments situation, India's economic position suffered a serious setback in 1979-80. Severe drought resulted in a sharp reduction in domestic output, agricultural production fell substantially and the deterioration extended to basic infrastructure and industry as well. The shortage in supplies affected export performance at a time when the rupee rose sharply. Inflation re-emerged early in 1979 and the balance of payments deteriorated sharply in the second half of that year. Since 1980/81 the economy has been moving upward with recovery in agricultural production and improvement in infrastructure performance. Real GDP has risen strongly and improved supplies and restrained financial policies have helped to bring about some subsidence in inflation. However, the balance of payments has weakened further to a deficit of SDR 1.8 billion as a result of a further deterioration in the terms of trade reflecting mainly the full impact of the rise in prices of oil and related products, the earlier disruptions to domestic oil production, weak market demand and restricted access for our exports due to increased protectionism.

3. We expect that India's balance of payments position will be under pressure for several years to come. The details of the adjustment programme adopted by the Government of India are contained in the attached memorandum. In brief, the programme aims to resolve the medium-term balance of payments problems by measures to promote higher export growth and efficient import substitution, especially in the energy sector. It will take some time for these measures to show results

and in the meantime, the balance of payments will continue to be in deficit. During the adjustment period, the programme provides for measures to increase domestic savings and for appropriate demand management.

4. In support of its programme and in view of the present and prospective balance of payments need, the Government of India requests an extended arrangement for a period of three years for an amount equivalent to SDR 5 billion.

5. The Government of India believes that the policies to be followed in 1981/82, which are described in the attached memorandum, are adequate to achieve the objectives of its programme but will take any further measures that may become appropriate for this purpose. The Government will consult with the Fund on the adoption of any appropriate measures consistent with the national policies accepted by our Parliament, in accordance with policies of the Fund on such consultation. In particular, the Government will review with the Fund the progress made in implementing the programme, normally about midway through each year, as part of the ongoing dialogue with the Fund. With respect to the programme for the first year, the Government will, in conjunction with the next Article IV consultation discussions, consult with the Fund before March 25, 1982 on the Government's measures, which are in line with its declared policies, and have a bearing on the programme and, in particular, on those relating to resource mobilisation and exports in view of paragraphs 13, 15 and 18 of the annexed memorandum and reach such understandings with the Fund as are

necessary for the purpose of achieving the objectives of the programme.

Yours sincerely,
Sd/ (R Venkatarman)
Finance Minister

(The annexed memorandum referred to bears the title "Statement of economic policies", and has 22 paragraphs — some of which relate to the performance clauses of the arrangement.)

Finance Minister's Letter

Madras THE HINDU in English 19 Oct 81 p 8

[Article by N. Ram]

[Text] **"Statement of economic policies"**

(A summary by this correspondent of the official memorandum annexed to the Finance Minister's letter, which is "Attachment B" in the confidential agenda papers for the IMF Executive Board meeting scheduled on November 8. The numbering is as in the original, but the paragraphs have been broken up for readability).

On the recent economic situation

" 1. The Indian economy made considerable progress during the second half of the 1970s. During the four years 1975/76 to 1978/79, real economic growth exceeded 6 per cent per annum while price inflation was about 2 per cent per annum. Agricultural expansion accelerated so that food imports were virtually eliminated by 1977/78 and sizable food stocks were accumulated. Industrial growth was also generally satisfactory. Savings rose from about 20 to almost 24 per cent of GDP, reflecting higher growth, the deepening of the financial system, favourable price performance and a rapid growth in remittances from Indians working abroad. The balance of payments position was strong throughout the period and sizable external reserves were accumulated.

"In 1979-80, however, the economy suffered a sharp setback because of both domestic and external factors. Real national income fell by 5 per cent in 1979/80 and inflation, which re-emerged early in the year, was over 20 per cent. Domestic savings fell to about 21 per cent of GDP. The external situation facing the economy also deteriorated sharply. The price of imported oil doubled from the end of 1978 to January 1980 and this was reflected in a shift into an overall deficit in the balance of payments in the second half of 1979/80."

On the current economic situation

" 2. The economic situation improved in 1980/81, and overall growth is estimated

to have been about 7.0 per cent. Performance during the first half of the year continued to be constrained by the lingering effects of drought and infrastructural difficulties. However, with a near normal monsoon, agricultural production recovered fully. Infrastructural bottlenecks also eased about mid-year with improvements in the availability of electricity and coal. Railway movement improved although some transportation bottlenecks still remained. Industrial production began a strong recovery in the second half of 1980/81. Inflationary pressures eased somewhat during the year in response to the improving supply position and demand management measures. The rate of inflation declined to about 16 per cent in 1980/81. Progress in this respect would have been greater but for continuing increases in import prices and substantial upward revision in administered prices.

"At the same time, external constraints on the economy became more severe. The full effect of the increases in oil prices in the previous year was felt in 1980/81. External demand conditions facing India's exports remained weak, partly due to the rising tide of protectionism abroad. Inadequate supplies also constrained export growth, especially during the first half of the year. Consequently, the balance of payments deficit widened to SDR 1.2 billions.

" 3. The recovery which began in the middle of 1980/81 has continued to gain strength in the current year. Performance of coal, power, and railways has improved considerably. Production in several critical industries has shown a sharp increase in recent months compared to the previous year, reflecting an improvement in capacity utilisation. In the period January-June 1981 steel production increased by 20 per cent, cement by 17 per cent, and fertilizer by 32 per cent. Inflationary pressure has also eased. The 12-month rate of inflation declined from about 16 per cent in January 1981 to 10 per cent by the end of July. However, the balance of payments continues to be under severe strain."

On balance of payments difficulties, IMF's role and adjustment strategy

" 4. The present balance of payments difficulties are expected to persist for several years before policies to strengthen the balance of payments have their full effect. It is in this context that Fund financing can play an important role. Balance of payments adjustment will be achieved through a range of measures which are being implemented and will be continued through the programme period. There is considerable scope to replace large imports of items where India is an efficient producer and to increase self-reliance in energy, especially in the exploration for and development of hydrocarbons.

The Government of India also accords high priority to the objective of achieving a dynamic export performance. To this end the Government has already taken a number of measures to promote exports. However, it will take time for these measures to bear fruit. Such measures to promote external adjustment, including efforts to overcome bottlenecks in industry and basic infrastructure, will require a sizable step-up in investment. Large investments will require higher domestic savings, and policies will continue to be designed to this end. The containment of inflation is an important objective, and domestic financial policies will be oriented to achieve this and to strengthen the efficiency of resource allocation.

" 5. The adjustment strategy outlined in the preceding paragraph is a part of the Sixth Plan efforts. The plan (1980/81 through 1984/85) aims to achieve economic growth of 5.2 per cent per annum, or 3.3 per cent in per capita terms, to finance plan investments, domestic savings are projected to rise from 21.2 per cent of GDP in 1979/80 to 24.5 per cent of GDP in 1984/85, implying a marginal savings rate in excess of 3.3 per cent. A major effort will be made to increase public sector savings to finance 21 per cent of total plan investments over the plan period. Private savings are estimated to account for 7.3 per cent of the total. Foreign capital inflows, mainly on concessional terms, will finance the remaining 6 per cent. The plan provides that the main emphasis of public sector resource mobilisation policies will be on raising the contribution of the large public enterprise sector by improving efficiency and pricing policies and on containing the burden of subsidies (emphasis added). The States are expected to make an important contribution to financing plan outlays.

On plan investment

" 6. Total investment is estimated to be Rs 1,587 billions during the five-year period through 1984/85. Compared with the Fifth Plan, there is a projected real increase in investment outlays for more

than 80 per cent. The share of the public sector rises from 45 per cent to 53 per cent, reflecting the emphasis of the Plan on overcoming bottlenecks in the infrastructure. The sectoral allocation of public sector investment expenditures reflects the Plan's objectives of structural diversification, modernisation and self-reliance. The public investment programme will be implemented flexibly in light of the emerging situation during the Plan period."

On agricultural development strategy

" 7. The agricultural development strategy followed in the late 1960s will be maintained and strengthened. In addition, agricultural policy will aim at improving the balance of production, with a major emphasis on efforts to overcome domestic shortages in non-foodgrain production, including oilseeds, pulses, and sugarcane. This should help to reduce import needs and contain inflation while also creating and enlarging exportable surpluses in some commodities, parallel with efforts to promote the spread of modern production techniques, output pricing policies will be deployed so that financial incentives encourage the desired level and pattern of agricultural output consistent with overall price policy (emphasis added). The Government is committed to development programmes aimed at the upliftment of the weaker sections of society, especially in rural areas.

On focus of public sector programme

" 8. The public sector programme will focus on overcoming the bottlenecks in the supply of basic goods and essential infrastructure. Efforts are being made to strengthen the management of public enterprises. It is the Government's belief that, with these levels of public sector plan expenditures supported by private sector investment where relevant, productive capacity in six key sectors will expand."

The memorandum offers these projections for estimated production in 1984/85: 165 million tonnes of coal; 51,192 MW of installed capacity in electric power by year-end; 5.94 million tonnes of nitrogenous fertilizer; railway freight traffic of 220 billion tonne kilometres; 14.30 million tonnes of steel; and 43 million tonnes of cement. However, "projections for total public sector outlays and productive capacity expansion in the above six sectors for 1982/83 and 1983/84 toward meeting the plan targets" will be adopted only in the course of formulating the annual plans for these years.)

On policies towards the private sector

"9. Policies relating to private sector industry will aim at encouraging production, investment and economic efficiency. The Government's Industrial Policy Statement of July 1980 reflects a pragmatic policy approach. Accordingly, a number of important policy initiatives have already been taken. Additional capacities created since 1975 are being regularised for a wide range of industries. Existing arrangements providing for the automatic expansion of capacity have been extended to 19 additional industries; fully export-oriented units have been given additional concessions, and export capacity has been exempted from anti-monopoly regulations and domestic licensing provisions; policies favouring small-scale industries are being implemented in a way which places a much increased emphasis on economic efficiency and import of foreign technology needed by the economy is being permitted liberally.

"The new industrial policies are being implemented through a flexible administration of existing regulations. Further adaptation of policies to achieve the objectives stated earlier will continue to be kept under review. The Government recognises the important role of industrial pricing policy and intends to follow a policy which takes account of the objectives that industry should earn adequate returns and that prices should encourage the efficient use of resources."

On energy

"10. Energy will be a critical issue for the 1980s. Although India's per capita energy consumption is very low, the Government of India recognises the need and scope for conservation of energy. Energy pricing policies are an important component of measures to this end. Coal prices have been raised recently to cover increased costs. It is the Government's policy objective that domestic coal and electricity prices should reflect economic cost and generate internal resources for investment.

"11. In the petroleum sector, the Government recognises that the sharp increase in oil prices that occurred in 1979 has imposed a severe strain on the balance of payments. Recently, it has been decided to step up the production of oil, mainly from offshore sources, beyond the levels projected in the Sixth Plan. The Government has also invited foreign parties to tender for exploration and development in designated areas on a profit-sharing basis. The proportion of imports of crude oil and products in total requirements of petroleum products declined from about 70 per cent in 1980/81 to 47 per cent by 1984/85. The Government has made a number of upward adjustments in petroleum prices which should help moderate the growth of demand. Beyond these steps to pass on higher costs, in July 1981 the Government has implemented a substantial upward adjustment in the price of domestically produced crude oil. The price of domestic crude is now on par with international prices. This latest price increase will raise a substantial volume of additional resources to finance plan expenditure. Oil pricing policy thus serves the dual objective of moderating growth of demand and contributing to non-inflationary financing of the public sector investment targets.

On ways of resource mobilisation

"12. The financing of the Plan envisages a shift in the contribution of various individual resource items and places greater emphasis than in the past on non-tax resources. Total tax revenues (including the States) have already reached about 20 per cent of national income and there is consequently only limited scope for the Central Government to increase tax rates. Nevertheless, new Central Government tax measures are expected to yield over Rs. 51 billions over the plan period. The major thrust of the tax effort will be toward rationalisation of the tax system, improved tax administration and selective additional tax measures.

"The Central Government also intends to contain, and wherever possible, reduce subsidies, even though this might entail price adjustment for important commodities. It is expected that measures to contain subsidies will yield resource savings totalling Rs. 33 billions during the Plan period. Pricing and administrative improvements to be implemented during the plan period will aim to achieve a 10 per cent rate of return on investments in public enterprises 2 percentage points above the previous norm."

On price reform to mobilise resources

"13. An important objective during the programme period is to achieve a substantial increase in domestic resource mobilisation in order to finance the investment programme. To this end, the Government has already undertaken a massive effort to mobilise additional resources in 1980/81 and in 1981/82. In addition to tax measures, the Central Government increased railway and postal and transport tariffs in 1980/81 and again in 1981/82. Steel prices were raised by 20 per cent and coal prices by 20-50 per cent in 1980/81. Petroleum prices were raised in June 1980 and again in January 1981. More recently the Government has increased the price of domestic crude oil. The Government has also taken steps to reduce subsidies. Fertilizer prices were raised. These increases in petroleum and fertilizer prices have meant a massive upward adjustment within a very short period. The additional burden borne by the consumer because of these adjustments amounts to over 3 per cent of GDP (emphasis added)...

"The State Governments have also raised substantial additional resources. Beyond these efforts at additional resource mobilisation, normal price adjustments in the public sector designed to ensure that cost increases are passed on and do not erode profitability have continued to be made. For example prices of aluminium were increased. And cement prices have recently been increased by 16 per cent...It is the Government's intention to ensure that this flexibility in pricing will continue.

"The Central Government intends to implement further resource mobilisation measures as necessary during the programme period to ensure that resources to finance the investment programme are realised. The Government intends to review progress in additional resource mobilisation measures before the end of January 1982."

On Government spending and budgetary stringency

"14. The underlying strategy with respect to Government spending is to curtail the growth of non-Plan expenditures in order to redirect resources toward the Plan. Despite the ambitious Central plan, and owing, in part, to the reliance on internal resources of public sector undertakings, the Central Government budget for 1981/82 is stringent by historical standards. In current price terms, total expenditure is budgeted to increase by only 9 per cent, revenue disbursements by 12 per cent, and capital disbursements by 5 per cent over the revised estimates for 1980/81.

To finance Central Government expenditures, budgetary receipts are projected to rise by 12 per cent. Of the increase, new tax measures are projected to constitute less than 2 percentage points in net terms, which is small in comparison with increases in recent years. This is because considerable direct tax relief has been allowed with the aim of promoting savings and stimulating investment. However, the revenue loss from direct taxes will be more than compensated for by an increase in indirect taxes.

On incentives to private sector savings

"15. The achievement of the planned step-up in investment depends on the continued buoyancy of private sector savings. With a resumption of rapid economic growth as envisaged under the plan, and further deepening of financial intermediation as the activities of financial institutions spread and strengthen, marginal private savings can be expected to return to the earlier high levels. With the objective of promoting private savings further, the Government intends to strengthen the activities of the financial institutions in rural areas, and widen the scope of attractive financial assets available to private savers. The Government budget for 1980/81 also includes tax concessions designed to encourage private savings. Interest rate policy will be deployed flexibly keeping in mind these objectives and progress in reducing inflation. The authorities intend to review policy options to promote the desired growth in private savings."

On monetary and financial policies and supply side orientation

"16. The emphasis on monetary and financial policies in the recent past has been on containing inflationary pressures and restraining the rate of monetary expansion. This has been partly responsible for the recent easing in the rate of inflation. The principal objective of monetary policy over the programme period will be to promote relative stability in prices while supporting more rapid growth and supply-side policies.

Despite the large volume of investment envisaged in infrastructure, it is intended to keep the Government's total recourse to bank credit within limits consistent with overall financial stability. Interest rates on bank advances were further adjusted upward. Interest rates charged by the term-lending institutions were stepped up substantially in line with the objectives just

stated and in the context of developments in recent months, further measures have been taken to restrain the growth in money and credit.

The liquidity of commercial banks will be contained by phased increases in the cash reserve ratio and the statutory liquidity ratio. (The latter) will be raised from 34.5 per cent by September 25, 1981 and again to 35 per cent effective October 31, 1981. These adjustments when complete, are estimated to reduce loanable funds with the scheduled banks by about Rs. 9 billion or 2 per cent of their demand and time liabilities as at end-March 1981."

Ceilings on net credit to Government and total domestic credit

"17. The financial programme for 1981/82 has been framed in this light. Consistent with real growth of about 5 per cent which appears feasible if weather conditions are favourable, the Government will aim to limit the growth of total liquidity to about 15.7 per cent in 1981/82. Taking account of the projected balance of payments deficit, total domestic credit expansion is to be limited to 19.4 per cent. Corrective measures will be taken promptly if developments suggest that the ceilings may be exceeded."

On export drive

"18. A critical objective of the programme is to increase the growth in exports. The Government has recently reviewed export promotion and development policies and a number of new initiatives have already been taken. Export production has been freed from restrictions arising from industrial licensing. Exports will not be included in the calculation of capacity for purposes of industrial licensing or for purposes of the Monopolies and Restrictive Trade Practices Act. The Government's export policy review identified certain additional measures which could further strengthen the export effort.

The Government is currently considering these with a view to their possible introduction although no decisions have yet been reached. These include extending concessions to less than 100 per cent export-oriented units, expanding the coverage and simplifying procedures of the advance licensing (duty exemption) scheme for exporters; extending access of exporters to imports; liberalising access of exporters to foreign technology; improving procedures for fixing duty drawback rates and settling drawback claims; and the coordination of supply and demand policies to promote consistent exportable surpluses of agricultural commodities.

The general thrust of recent policy changes has been to eliminate identified constraints on exports and the Government intends to take further significant measures to strengthen the export effort during the programme period. The Government intends to review all relevant policies bearing on export development before the end of January 1982 and if necessary will strengthen its policies (emphasis added)."

On import liberalisation

"19. Import restrictions were progressively relaxed in the late 1970s. This has greatly increased access of domestic producers to imports of raw materials and intermediate goods. Restrictions

on imports of capital goods have also been eased considerably. The import policies for 1980/81 and 1981/82 made further modifications, including restrictions for some items, and liberalisation with regard to some others. The Government emphasises that these modifications do not represent a change in the direction of its policies, have not resulted in an overall tightening of import restrictions, and that the liberal import regime remains essentially unchanged.

"Import policy for the period ahead will be guided by the need to ensure that import requirements and technology needs of a growing economy and a heavy investment programme are adequately and expeditiously met with a view to economic efficiency. The rise in imports will include large increases in capital goods to support the investment programme, and producer items to support expanded economic activity.

"To support this it is our intention to carry forward the progress achieved over recent years toward liberalisation of imports of raw materials, intermediate and capital goods needed by the economy. It is our intention that the import policies for 1982/83 and 1983/84 will contain significant steps aimed at liberalising imports. Where appropriate in the interest of economic efficiency, consideration will be given to further imports of selected categories being produced at present. Measures introduced will be greater in impact than any adjustments to tighten restrictions."

Specific measures contemplated include increasing the access to imports of restricted and banned items permitted under automatic import licences as well as changes in the classification of items under the restricted, banned and open lists.

On balance of payments financing gap

"20. Our export and import policies are guided by the objective of achieving external adjustment during the 1980s. Projections for 1981/82 indicate that the deterioration in the current account will be arrested in that year. However, in the two subsequent years, the current account deficit would widen as non-oil imports are expected to expand strongly to support expanding investment and production. The current deficit as a proportion of GDP would peak in 1983/84, at 2.2 per cent of GDP. It would decline markedly to 1.8 per cent in 1984/85.

"Taking into account official capital receipts, increased recourse to commercial credits and the possibility of private capital inflows, the balance of payments financing gap is projected to be SDR 6.4 billions during the 1981/82-1983/84 period."

On external borrowing and external debt

"21. Until very recently, India has resorted

only modestly to external borrowing on commercial terms and the bulk of its foreign debt arises from assistance channelled through the India consortium and is predominantly on concessional terms. India's outstanding disbursed external debt currently amounts to about SDR 14 billions, equivalent to some 11 per cent of GDP. The external debt service ratio declined steadily during the 1970s and in 1980/81 debt service payments are estimated to be 8 per cent of current account receipts.

"The ratio is projected to rise over the coming years, reflecting an expected increase in recourse to borrowing on commercial terms, and an expected hardening of the average terms of multilateral flows (emphasis added). Nevertheless, the debt servicing burden will remain manageable.

"In order to avoid an undue deterioration of the debt service profile, the Government intends to take a cautious approach to foreign borrowing on commercial terms. The Government is considering two large projects in the steel and electric power sectors. The two projects, which are still at the planning stage, would have a combined foreign exchange cost of about SDR 3 billions. A considerable portion of the external financing arrangements for these projects would be on non-concessional terms. While it is expected that external borrowing commitments for both projects will be undertaken at some stage during the programme period, only a part of the loans would be disbursed by 1983/84. As an order of magnitude, these disbursements, which are excluded from balance of payments projections, would be expected to be about SDR 1 billion during the programme period.

"Bearing these borrowings in mind, during the first year of the extended arrangement the Government will limit the contracting or guaranteeing of other non-concessional loans with an original maturity of between one and 12 years to no more than SDR 1.4 billions. With this ceiling, new commitments of between one and five years will be limited to SDR 400 millions."

On realistic exchange rate policies and export promotion

"22. The rupee has been pegged to a basket of currencies of India's trading partners since September 1975, with the pound sterling as the intervention currency. The relationship between the rupee and the basket of currencies is maintained within margins of 5 per cent. The system has proved highly satisfactory. The major constraints on exports at the present time arise from inadequate supplies. The Government also recognises that exchange rate policy has an important bearing on export growth. During the programme period the Government intends to pursue a realistic policy in regard to exchange rates keeping in mind, inter alia, their objectives with regard to the overall balance of payments and export promotion."

Indian Memorandum to IMF

Madras THE HINDU in English 20 Oct 81 p 6

[Article by N. Ram]

[Text]

WASHINGTON, Oct. 19

In promoting the record five billion SDR medium term loan, the management of the International Monetary Fund (IMF) judges "The direction and content of the strategy" accepted by the Government of India for "structural adjustment of the economy" to go quite far in the direction which the Fund as well as the World Bank want India to go over the next decade or more.

"In the course of the past year," the confidential staff appraisal notes, "India has gradually emerged from a most difficult economic situation that had its beginnings in the drought of 1979-80. Longstanding weaknesses in infrastructure and basic industries became severe in this period. External factors, including the deterioration in the terms of trade resulting from rising oil prices, heightened the need for external assessment..."

"The three-year programme presented by the authorities in support of their request for an extended arrangement is intended to support an adjustment programme which aims to strengthen the balance of payments position through substantial enhancement of domestic savings and investment, reforms in the industrial and trade areas, and careful demand management policies which would ensure the maintenance of domestic financial stability."

No transitory relief: But the purpose is neither to provide transitory relief nor a long-term underwriting of the monetary, fiscal, and overall economic effort, not to mention "such unmentionables in the non-mentioned institution as) a "development process."

"The focus of the adjustment programme," the appraisal (dated October 6 and scheduled to be acted upon on November 9) assures the Executive Board of the Fund, "is explicitly on a structural adjustment of the economy aimed at establishing a medium-term viability of the balance of payments while also increasing the rate of economic growth and reducing inflation."

Although the three-year programme is said to be "built within the broad framework" of the Sixth Plan, is it entirely up to the Government of India to choose how to implement it, or to decide to make changes, or to carry out experiments—if the situation warranted? Can the strategy outlined in the Finance Minister's "letter of intent" (dated September 25) and the annexed official memorandum on economic

policies be interpreted—like the Directive principles of the Indian Constitution—as a voluntary or prescriptive mix of goals, intentions, and "desirable" policies?

The answers provided by the Fund management in a blunt and instructive 48-page appraisal titled "Use of Fund resources: Extended Fund Facility"—are clearly in the negative. In fact, it is not explicitly said, but strongly implied that those (like the U.S. Treasury Secretary, Mr. Donald Regan, and his deputy, Dr. Beryl Sprinkel) who have raised questions and doubts about the size, conditionality and nature of the arrangement in public should look into these details, mechanisms and signals.

"Performance criteria": First come the "performance criteria" providing a directly accessible set of levers in the Indian economy. For 1981-82, they are summarised conveniently by the IMF staff, with the promise of more to come:

(1) A phased ceiling on total domestic credit, and a phased subceiling on net credit to the Government. (2) Ceilings on the official contracting or guaranteeing of external debts with original maturities between one and 12 years, with a subceiling for maturities between one and 5 years.

(3) Policies, to be reviewed before March 25, 1982. The review will include, in particular, policies regarding resource mobilisation, including interest rates, and the pricing policies of both the Centre and the States, and those bearing on all aspects of export development. (4) The usual understandings relating to exchange restrictions, multiple currency practices, bilateral payments agreements, and import restrictions for balance of payments reasons."

The performance criteria for the second (June 1982-June 1983) and third (June 1983-June 1984) years of the arrangement are expected to incorporate new "understandings" and the products of continuing "consultation" and "review". They will carry forward the same orientation, only in a tighter way, in that the learning period will by then be crossed.

Consultative mechanisms: Secondly, there is the intensive consultative mechanism with the IMF during the entire period of the agreement. Several months of top-secret discussions and negotiations have brought the deal to this point. During the first year (1981-82), "the authorities will consult with the Fund under the programme before March 25, 1982, in particular regarding

resource mobilisation, including interest rates, and export policies."

Moreover, "the staff of the World Bank", which has collaborated directly so far, "will assist in reviewing performance during the programme period."

The IMF management—which, unlike the Government of India, needs to suffer no embarrassment from the publication of these details—underlines another point without subtlety. It is that the Finance Minister, Mr. R. Venkatarman's formulations on "the understandings of consultation" are clarified in a confidential Government of India communication to the effect that they "are not intended to exclude from the consultation process any measures and policies that the Fund may consider to be needed for the achievement of the objectives of the programme."

(The reference is to the formulations in the letter of intent: "Consistent with the national policies accepted by our Parliament, in accordance with policies of the Fund on such consultation", and also "in line with" the Government of India's "declared policies".)

Daunting path: Thirdly, while praising the Indian authorities for "their early approach to the fund" and for "the strength of the adjustment steps already taken" which attests to their "sensitivity", the IMF appraisal cannot help pointing out that "the path ahead is a daunting one, not only because of an adverse international trading and aid climate, but also because of the vagaries of weather and its powerful and pervasive influence on the economy. Should such exogenous factors be less favourable than projected, a reassessment of the programme targets would be necessary."

Also, "adjustment in the balance of payments" for the Indian economy "is likely to be delayed and extend beyond the end of the programme period... Substantial additional borrowing, much of it on commercial terms, will be required during the period until adjustment is complete". The big wager, it seems, is being hedged. Or (to change the metaphor), even at the outset the ground as well as the gallery are being prepared in anticipation of programme components veering off target.

Consistent with the attitude, of course, the "IMF staff" promises to "keep the evolution of the Indian economy and the policies of the authorities under close review in the coming period. "And in a reminder to the executive

board of the Fund that seems meant especially for the Reagan Administration, it will have "the opportunity to consider the evolution in the context of both the reviews provided for under the proposed extended arrangement and the annual Article IV consultations".

Report on IMF Appraisal

Madras THE HINDU in English 20 Oct 81 p 7

[Article by N. Ram]

[Text]

WASHINGTON, Oct 19

A scholarly critic has been cited (see article on page 8) to make the point that — since "the ideal policies" which the IMF might like to see adopted in a country such as India are "often economically or politically out of reach of the Government" — the Fund is "usually prepared, realistically, to accept progress in the direction of its ultimate goal".

The Executive Board documents now available on the five billion SDR arrangement, and on the IMF management's thinking on the medium and long terms for India, substantiate this reading strongly.

First, there is the general appraisal and advocacy of the three-year programme, presented in a report by the Asian, and Exchange and Trade Relations Departments of the institution.

"The focus of the adjustment programme is explicitly on a structural adjustment of the economy aimed at establishing the medium-term viability of the balance of payments while also increasing the rate of economic growth and reducing inflation.

Demand management: "To these ends, private and public investments will be increased with a growing role for the more productive sectors. The investment effort will be supported by a strong resource mobilisation effort, and additional supply augmentation measures closely integrated with strengthened demand management policies."

With respect to the investment plan, a detailed assessment by the "World Bank staff" is cited. Although the IMF documents do not say so, this collaborative exercise is known to have stretched out the process of negotiation. The path of the Bank assessment seems to be this:

The investment programme contained in the Sixth Plan is appropriate to India's development needs while the programme is necessarily ambitious, especially in the output targets of certain sectors, the Bank staff believes that its implementation is generally feasible, provided that adequate

measures are taken to mobilise resources at the State level."

However, a warning is incorporated to the effect that "it will be necessary to ensure that sectoral investment shortfalls do not perpetuate bottlenecks in critical sectors such as the Railways where the World Bank judges planned investments to be inadequate" and so on.

Flexibility: The IMF staff prescribes — interestingly, in this context — that "the (Indian) authorities should maintain flexibility in expenditure allocations in the annual Plan."

The other specific policies behind which the IMF management throws its weight, and proposes to commit five billion SDR for the "medium term," may be demarcated for convenience into 10 major areas — monetary, fiscal and budetary, internal resource mobilisation, industrial, agricultural, "price reform," foreign investment, foreign trade, external borrowing, and exchange rate management.

The Fund's report on the issue, and on the signals and trends that emerged in the dialogue with the Government of India, goes a good deal further than even the confidential Indian documents reveal. Functioning in Mr Ronald Reagan's Washington, the promoters or conditioners of these policies do not appear to see much reason for coyness as to "the direction" (although they make allowance, here and there, for Indian political sensitivities).

It can be seen, from the material presented below, that whatever might have been said publicly in India about the character of the arrangement and about the emerging relationship, very strong pressure is being applied, on a very broad front.

1. Monetary policies:

IMF goal: "It is most desirable that monetary policies be sufficiently constrained so that the planned reduction in inflation to about 11 per cent can be achieved in 1981-82 and the reduction carried considerably further in the subsequent years."

IMF programme: "The principal ob-

jective of monetary policy over the programme period is to promote relative stability in prices while not impinging upon economic expansion and the policies intended to improve the supply position. Although price pressures have eased somewhat in recent months, inflation remains uncomfortably high and has proved more persistent than the authorities had expected. Recourse to banking system to finance the budget deficit will be limited so as not to prejudice monetary stability, while allowing adequate room for Bank financing to meet the needs of the commercial sector."

Data supplied to IMF: The "data provided by the Indian authorities and staff estimates" yield the following figures: The end-year percentage increase in "broad money" (total liquidity) is projected to be 15.7 per cent for 1981-82, 14.5 per cent for 1982-83, and 14 per cent for 1983-84 (compared with actual levels of 21 per cent and 16.4 per cent in 1978-79 and 1979-80, and a provisional level of 18.5 per cent in 1980-81). The comparable projections for "narrow money" (money supply) are 11.3 per cent, 11 per cent, and 11 per cent (compared with 20 per cent in 1978-79, 15.7 per cent in 1979-80, and 12.8 per cent in 1980-81).

The 15.7 per cent growth limit on total liquidity during the first year of the programme — which is to take the level from Rs. 55,314 crores in end-March 1981 to Rs. 63,994 crores on March 26, 1982 — "would imply virtually no change in the income velocity of circulation."

Credit expansion curbs: The Reserve Bank of India has been asked to "restrain the expansion in credit and monetary aggregates to targeted growth rates. The adjustments in the cash reserve ratio and the Statutory Liquidity Ratio (SLR) would, when complete, reduce loanable funds at commercial banks by about Rs. 900 crores, or 2 per cent of demand and time deposits outstanding at March 1981."

"It is envisaged" (reports the confidential IMF document) that commercial

bank lending rates "will rise as the higher cost of funds to banks becomes fully effective. With the exception of concessional financing to the priority sectors, lending rates are already positive in real terms."

2. Financial-budgetary policies

IMF goal: "A principal objective of financial policies will be to provide the necessary volume of resources to the public sector to finance its investment programme while providing financial support for private sector initiative and investment. Financial policies will also be needed to reduce inflation where progress has so far been slower than the authorities expected. It is most desirable that monetary policies be sufficiently constrained so that the planned reduction in inflation to about 11 per cent can be achieved in 1981-82 and the reduction carried considerably further in the subsequent years."

IMF programme: "The planned reliance on private savings and external sources to finance the Government budget is already heavy. It is therefore critically important that the authorities' target for public sector savings be achieved and recourse to the banking system to finance the budget be strictly limited. During the extended finance facility (EFF) programme period (1981-84), the authorities expect to manage budgetary policy so that reliance on bank financing of the Central Government budget will be about 3 per cent of GDP and gradually declining."

"While recognising the difficulties already inherent in achieving this objective, the staff believes that the chances of achieving a greater degree of price stability would be enhanced if better monetary performance, especially in the fiscal field, could be achieved."

Data: "As a result of the resource mobilisation effort, Central Government revenues in 1981-82 are expected to rise beyond the original budget estimates. The (IMF) staff estimates that, reflecting the new measures, revenues may reach Rs 172 billion (Rs. 17,200 crores), 17 per cent above 1980-81 and 4 per cent higher than the original estimate. (and) that aggregate expenditures could be some Rs 5 billion (Rs. 500 crores, or 2 per cent) higher than originally budgeted. On the basis, the overall budget deficit would be reduced somewhat from the level projected in the original budget."

Credit ceiling

The ceiling imposed on total domestic credit is Rs 74,181 crores for March 26 1982, a 19.4 per cent change over 12 months. There is a subceiling of Rs 30,981 crores on net credit to the Government (a 20.1 per cent rise) while credit to the commercial sector is projected to be Rs 43,200 crores (18.9 per cent rise) as on the date. These arithmetically formulated performance clauses can be expected to impose

a big squeeze on socio-economic programmes — and indeed there is a policy requirement that subsidies (especially on public foodgrain distribution) must be "contained."

3. Internal resource mobilisation

IMF assessment/prescription: "The major resource mobilisation measures adopted by the Central Government since 1980 and, particularly, over the past several months, provide a welcome and early indication of the authorities' self-reliant approach to financing their adjustment programme. Central public savings will be broadly sufficient. (but) the position of the States is less assured... in devising new tax measures, care would need to be taken to ensure that private savings and investment are not adversely affected. The main focus of resource mobilisation efforts will be on increasing non-tax revenues." Cut in subsidies

"For the Plan, much greater reliance than in the past will be placed on reducing subsidies and improving the profitability of the public sector undertakings both by flexible pricing policies and a concerted effort to improve capacity utilisation and efficiency."

"The Plan projections... suggest that new resource mobilisation measures will need to amount to almost half of the total if the planned level of public savings is to be achieved. However, the Plan projections, substantially understate the extent of the resource mobilisation effort in fact needed."

"Parallel efforts are being made to promote private savings. The process of financial deepening is continuing and is expected to contribute to greater financial intermediation. The Staff believes that it is essential that interest rates and other incentives for private savings be kept under active review in the light of expectations with regard to inflation."

4. Industrial policies

IMF certificate/prescription: "A key component of the strategy for the programme period is to improve the performance of and enhance investment in private industry. The focus of policies will be to maximise production from existing capacity; stimulate investment in new capacity; adopt a more pragmatic approach to policies favouring the small-scale sector; and encourage a process of technical progress and modernisation."

It is recognised that exports need to be encouraged actively, both to develop domestic industry on a competitive basis and to exploit opportunities for specialisation and economies of scale. Policies relating to the modernisation of industry and the import of technology are expected to accelerate technical innovation.

Procedures relating to foreign collaboration and royalty payments are being considerably liberalised for all industries. Flexible policies with respect

to administered pricing are expected to encourage technological adaptation and more efficient factor use.

Private sector: "The authorities envisage strong development in the private sector. Accordingly, policies to stimulate private investment, including foreign collaboration, have already been strengthened. The staff welcomes the thrust of the new, pragmatic industrial policy."

Data presented to IMF

The combined Indian and IMF staff data project the real annual growth rate of industry as 7.3 per cent in each of the three years of the programme — 1981-82, 1982-83, and 1983-84. Sectorally, industry and minerals are to absorb Rs 15,020 crores, or 15.4 per cent of the total plan public expenditure. As for "capacity targets" in key industries, the projections for the terminal Plan year, 1984-85, give: Coal (165 million tonnes), steel (14.3 million tonnes), cement (43 million tonnes), nitrogenous fertilizer (5.9 million tonnes), electric power (51,200 MW of installed capacity), and railway freight (220 billion tonne km).

5. Agricultural policies

IMF assessment: "The principal focus of agricultural policies during the programme period will be on consolidating the gains already achieved and extending further the acceptance and use of modern production techniques. An additional important aim is to improve the balance between essential foodgrain production and other crops, such as oilseeds, pulses, and sugarcane which have been deficit in recent years. The principal contributions to accelerated growth arise from planned extensions in the area under irrigation; improved water management; growth in fertilizer consumption; and the increased use of high-yielding seed varieties."

"Pricing policies continue to have a major influence on the production, procurement, and public distribution of foodgrains, particularly cereals. Future cereal procurement price policy will be guided by the need to keep prices competitive with world markets. Procurement prices will also be constrained by the need to contain subsidies on public foodgrain distribution."

Data provided to IMF: By 1984-85, output of foodgrain is projected to reach 153.6 million tonnes of oilseeds 13 million tonnes of sugar 7.6 million tonnes. The area under irrigation is projected to be 66.2 million hectares, and fertilizer use 9.7 million tonnes.

6. Price reform

IMF prescription/conditioning: "An important aim of the programme is to adjust administered prices where necessary in order to bring them progressively into line with economic costs, and thus promote the twin objectives of increased resource mobilisation and efficiency in resource use."

Important changes in key prices have

been made successively over recent months. A critical area of public pricing relates to commercial energy. Other major public pricing adjustments relate to steel, pig iron, aluminum, railway transportation, fertilizer, and also cement which is principally in the private sector. The authorities emphasise that pricing policies will continue to be implemented flexibly and that further adjustments can be expected when the timing is appropriate.

Beyond their impact on resource mobilisation and public finance, recent increases in administrative prices will have an additional beneficial effect by encouraging an improved allocation of resources. Pricing policy, especially in the use of energy, has an important

role in "encouraging" a pattern of development in which technology is adapted in line with shifts in relative costs of resources.

For the period ahead, administered prices of both the Centre and States should be adjusted flexibly toward the objective that they fully reflect economic costs.

In this context, there is scope for further adjustments to coal and electricity prices. In ensuring that price adjustments are implemented as appropriate, the staff will collaborate closely with the Bank, bearing in mind the Bank's focus on appropriate sectors supported by Bank lending.

(To be concluded)

IMF Staff's Assessment

Madras THE HINDU in English 21 Oct 81 p 7

[Article by N. Ram]

[Text]

WASHINGTON Oct 20

The International Monetary Fund staff, in their assessment of India's industrial policy, say that an important aspect is the liberal attitude to foreign collaboration and the import of technology to modernise the domestic industry.

The following is the concluding part of the report (first part published yesterday).

7 Foreign investment vis-a-vis domestic industry

IMF certificate conditioning "An important aspect of the new industrial policy is the liberal attitude to foreign collaboration and the import of technology as a means to encourage the modernisation of domestic industry. While priority continues to be accorded to arrangements involving the outright purchase of foreign technology, foreign collaborations involving royalty payments and equity participation have also increased markedly. In 1980, the number of foreign collaborations approved about doubled, and approvals in the first quarter of 1981 were again 35 per cent above those in the first quarter of 1980. Over half of the arrangements approved have been in the electrical equipment, industrial machinery and chemical industries.

Policies involving the outright purchase of technology, royalty payments and foreign participation in Indian companies are being applied more liberally and flexibly than in the past, and further evolution in this direction is expected during the programme period. Economic efficiency would also be encouraged by steps to allow the forces of international competition to operate more freely and selective import policy steps to reduce the levels of

protection of domestic industry will be considered.

Procedures relating to foreign collaboration and royalty payments are being considerably liberalised for all industries. At the same time, certain industries are being considered for technical innovation and export is judged to be high. It is expected that future efforts will include participation by foreign exploration firms for the first time.

8 Export and import policies

(A) Export drive: IMF assessment/prescription "Since the late 1970s, export policies have gradually evolved toward a framework which aims at integrating export strategy with general economic and financial policies, promoting products on the basis of India's long-run comparative advantage, and ensuring stability in export incentives. These general principles have been incorporated and amplified in the Sixth Five-Year Plan. However, the imperatives of a marked deterioration in the balance of payments and the possibility that the terms of trade may weaken further make a faster growth in exports essential. In their longer-term projections, the (Indian) authorities now estimate that exports need to grow by 9 per cent per annum in volume terms.

The Plan provides a clear indication of the shift in policies in favour of exports. In particular, the authorities have indicated that, for the future, policies would aim at providing a stable environment that is neutral as between production for export and import substitution, with possible conflict between the two being resolved in favour of exports. If realised, this would represent

a major change from the long-standing bias in favour of import substitution and would, in time, result in widespread changes in attitudes and the structure of the economy.

The focus of export policies during the programme period will be on identifying and removing disincentives to exports originating from domestic and trade taxes, quantitative import restrictions, and industrial and other regulatory constraints. Another thrust of policy is to identify industries of high export potential and to provide them with special export incentives.

Several steps to implement the export policy have already been taken, partly reflecting the recommendations of a Government committee on export strategy. Export policies remain under review and further initiatives are envisaged during the programme period. While the authorities are not yet in a position to give firm indications of these changes, they would most likely include measures suggested by the committee on export strategy which are still under consideration.

Import concessions

By way of illustration, the range of measures includes streamlining the cash compensation and other export incentive schemes, widening fiscal and import concessions to less than 100 per cent export-oriented units, broadening the coverage and simplifying the procedures governing the duty-exempt advance licensing scheme for exporters.

Improving procedures for fixing duty drawback rates and settling drawback claims, widening tax incentives for investment in export industries beyond the electronics sector, and further liberalisation

ing access of exporters to imports and foreign technology. Moreover, agricultural exports, notably of non-traditional items, will be promoted by an appropriate set of policies, in order to tap the considerable export potential which is intended to emerge.

The authorities are aiming at a reversal of the previous direction of policies which made the domestic market more attractive than exports. The staff believes that it is of critical importance that all possible measures be taken to achieve this objective. Towards this end, the scope of anti-monopoly and other regulations, approval procedures, and licensing provisions have been virtually eliminated for exports while being reduced for most industries.

The emphasis on export promotion has increased markedly in recent years and the authorities have declared their intention to continue this thrust. The importance of this can hardly be overstated, given the urgent need to strengthen the external payments position. In broad terms, it is imperative that the long-standing bias in favour of the domestic market should be eliminated if export growth is to achieve the desired momentum.

Continuing features

(B) Import liberalisation

IMF implied criticism and pressure: "Import restrictions were gradually eased in the late 1970s, culminating in a major liberalisation in 1978-79. Reflecting the deteriorating external position, no further general liberalisation has been implemented since, and recent import policies have included intensified restrictions for some items accompanied by reduced restrictions for others. There has also been some parallel increase in import duties and a tightening of procedures with respect to the issue of supplementary import licences."

However, the considerably more liberal stance of import policy initiated in the late 1970s remains essentially intact. The authorities point out that these numerous and generally minor adjustments reflect an ongoing effort to refine the classification of imports and also the evolution of policies providing phased infant industry protection to domestic producers. As such, they are likely to be a continuing feature of import policy.

Import policy during the programme period will be guided by the need to provide a growing volume of imports to support increased private and public investment, rapid growth and improved economic efficiency. To these ends, the authorities intend to carry forward the progress toward import liberalisation especially with regard to raw materials and intermediate and capital goods. Further steps will also be made to ease access of exporters to imports.

The authorities indicate that the measures under consideration include increasing the access to imports of

banned and restricted items permitted under automatic import licences and changes in the classification of items under the banned, restricted, and open lists. They intend to take further measures to simplify and rationalise the regulations and procedures governing import approval. The authorities believe that imports of foreign technology have an important role in improving efficiency and competitiveness.

"Some liberalisation measures were introduced in the import policy for 1981-82 and the authorities indicate that the import policies for 1982-83 and 1983-84 will contain significant liberalisation steps. The authorities also intend to provide an assessment of the significance of the measures undertaken towards the objective of providing the economy liberal access to its import requirements. This assessment will be provided to the Fund staff at the time of the discussions for the second year of the EFF programme."

Direct and binding IMF condition: Whatever one thinks of the merits, in a specific situation import restriction and control must be recognised as a viable method of coping with balance of payments and related problems, especially for the developing countries facing deteriorating terms of trade. It is important that the terms of the extended arrangement explicitly forbid the Government of India from resorting to this.

In fact, one of the "performance clauses" in the directly conditional part of the deal stipulates that "India will not make purchases throughout the duration of the extended arrangement. To wit, the arrangement will fall through if it imposes or intensifies import restrictions for balance of payments reasons."

IMF goal: "It is important that the authorities pursue efforts at a further progressive liberalisation of imports. This will be a necessary complement to other policies aimed at achieving greater levels of efficiency in the economy and strengthening competitive influences while also being beneficial to growth and, ultimately, the balance of payments. In this context, the staff stresses the importance of the authorities' statement that the import policy for 1982-83 and 1983-84 will contain significant steps aimed at liberalising imports."

IMF acknowledgement: "Because of the acceleration in imports necessary to support expanded private and public investment, and the inherent lag before a substantial supply response to aid the trade balance can be expected, adjustment in the balance of payments is likely to be delayed and extend beyond the end of the programme period."

Sound credit rating

9 External Borrowing

IMF assessment: "India has until very

recently refrained from major commercial borrowing, and the bulk of its foreign debt arises from bilateral and multilateral financing channelled through the India Consortium. The debt service ratio declined steadily during the 1970s and India enjoys a sound credit rating which will enable it to tap the international financial markets in the 1980s within the broad framework of gradual external adjustment."

Most of the commercial borrowings envisaged would be for high-yielding projects which would be expected to yield eventually significant foreign exchange savings. Nevertheless, the authorities recognise the need for caution in contracting new external debt on commercial terms, especially as the terms of multilateral assistance are expected to harden.

'External debt will increase'

Fund financing under an extended arrangement can play an important role by assisting in meeting the prospective balance of payments financing requirement over the coming years, until efforts to increase substantially disbursements of project-related loans are successful, and progress is achieved in the balance of payments adjustment. In the absence of these early efforts, the balance of payments need during the programme period would have been even higher.

Alternatively, there would have been pressure to reverse the present liberal stance of import policy. While substantial steps are being taken to arrange project financing from foreign commercial sources, the authorities intend to exploit fully their potential to borrow on concessional terms. Taking these factors into account, and also purchases under the EFF, the external debt burden is projected to rise considerably over the coming few years."

10 Exchange rate policy

IMF assessment, pressure: "Since September, 1975, the rupee has been pegged to a basket of currencies of India's major trading partners, with the pound sterling as the intervention currency. The relationship between the rupee and the basket was initially maintained within margins of 2.25 per cent, but in January, 1979, the margins were widened to 5 per cent. The intervention rate for the pound sterling has been changed frequently."

'Exchange rate has tended to stabilise'

The basket peg has been successful in reducing the extent of fluctuations in the trade-weighted effective exchange rates. Adjusting for relative rates of inflation, the real exchange rate depreciated sharply between 1975 and early 1979 as a result of the low rate of inflation in India. Since then, relative price changes have been adverse and have resulted in some erosion of India's

competitive position from the peak reached in 1979. However, the real exchange rate has again tended to stabilize in the past year.

The Indian authorities believe that inadequate supplies represent the major constraint on exports. At the same time, they recognize the crucial role of the exchange rate policy in ensuring adequate profitability of the export sector. While the authorities do not believe that a discreet change in the nominal exchange rate is necessary at the present time, they intend to

keep the exchange rate policy under review and to make adjustments, when appropriate, to encourage exports and promote external adjustment.

It can be seen from the material summarized and categorized from the IMF staff assessment that the five billion SDR arrangement is designed to cover a comprehensive extraordinarily broad range of policies. How "liberal" the terms are not best revealed in the Finance Ministry handouts and vague assertions. The IMF can now be judged quite objectively on the basis of the documentation.

CSO: 4220/7274

CONGRESS-S COMMITTEE SCORES DEPENDENCE ON AID

Bombay THE TIMES OF INDIA in English 19 Oct 81 p 1

[Text] Munshi Nagar (Bombay), October 18 (UNI)--The Congress (S) working committee has strongly criticised the country's "overdependence" on international financial institutions like the International Monetary Fund (IMF).

In its economic resolution, finalised at its three-hour meeting here today, the CWC also criticised India's deviation in industrial policy, the inadequate public distribution system and the government's failure to check spiralling prices.

The resolution will be formally released tomorrow--the eve of the two-day all-India Congress (S) committee session.

Welcoming the committee members, the party president, Mr. Sharad Pawar, said the session would be of great political importance in view of the recent political developments in the country. Mr. Pawar, however, did not go into the details as the political resolution was to be taken up for discussion tomorrow.

Briefing newsmen on the meeting, the Congress (S) general secretary, Mr. K. P. Unnikrishnan, said Mr. Pawar had made a passing reference to the developments in Kerala leading to the party's withdrawal from the left and democratic front.

He was still awaiting details from his colleagues in the state.

The meeting also finalised the draft resolution on the international situation. Mr. Unnikrishnan said, apart from the resolution on political affairs, the committee would take up the issues of giving a new name to the party, its style of functioning and a programme of action at tomorrow's meeting.

Asked whether the CWC discussed the latest Lok Dal offer for merger of like-minded parties, he said the political situation would be taken up tomorrow. He merely said "there will be wide-ranging discussions."

Mr. Pawar, whose election as party's new president has to be ratified at the session, was in the chair and prominent among those present included the former party chief, Mr. Devaraj Urs, Mr. Devkant Barooah, Mr. Brahma Prakash Choudhari, Mr. Saradchandra Sinha, Mr. Raj Bahadur, Mr. Priya Ranjandas Munshi, Mr. Banka Behari Das, Mr. V. B. Raju, Mr. Tulse Dasappa, Mr. Ram Lakhan Yadav, Mr. Bed Bratt Barooah, Mrs. Ambika Soni, Mrs. Purabi Mukherjee and Mrs. Subhadra Joshi.

The venue of the session, the Bhavan's college at Andheri in northwest Bombay, is named after the late K. M. Munshi, the founder of the Bharatiya Vidya Bhavan and noted Congress leader.

PTI adds: The national council of the Indian Youth Congress (S) will meet in Bombay on October 22 to chalk out an agitational programme against corruption at the Centre and in various states.

This was announced by the IYC (S) president, Mr. Suresh Kalmadi, at a press conference here on Sunday.

He said the meeting would be addressed by the president of the Congress (S), Mr. Sharad Pawar, and the general secretaries, Mr. K. P. Unnikrishnan, and Mrs. Ambika Soni, and the Kerala Pradesh Congress president, Mr. A. K. Antony. About 100 youth leaders from various parts of the country would attend the session.

CSO: 4220/7279

U.S. SUSPECTED OF ECONOMIC WAR ON INDIA

Bombay THE TIMES OF INDIA in English 19 Oct 81 p 8

[Editorial]

[Text] The fact that India will lose up to a quarter of its anticipated credits from the International Development Agency in 1981 follows logically from the decision of the U.S. Congress to force the U.S. government to spread out its sixth replenishment of IDA funds over four instead of three years. Unless the Reagan government is able to induce a change of heart in Congress, this will mean that instead of giving somewhat over a billion dollars this year, the U.S. will give at most \$800 millions. Since, despite their verbal assurance of support, other donor countries have already indicated that they will make proportionate cuts in their contributions, total IDA funds are likely to shrink by a quarter in money terms. A reduction of 25 per cent in loans to India is therefore unavoidable. The World Bank president, Mr. Clausen, has also hinted, China's development needs are urgent, and must also be accommodated out of these shrinking funds.

Coming on top of the U.S. attempt to get the IMF to review its proposed \$ 5.68 billion loan to India, it is not easy to avoid the suspicion that the U.S. in particular has declared an economic war against the third world in general and this country in particular. While better sense may yet prevail, there can be no doubt that India faces a difficult period in the remaining years of the Reagan administration. But New Delhi will do well not to let this force it back into a siege mentality. Since the balance of payments deficit is of the order of Rs. 2,000 crores while the country spends almost Rs. 3,500 crores on imports other than capital goods and oil, it will be relatively easy to bring the external deficit down to manageable proportions by cutting down imports of steel, cement, edible oils, bulk drugs and fertilisers. But this will kill agricultural and industrial growth, reduce tax and non-tax revenues, stop the growth of employment and push up prices at a dangerous pace. In three or four years this could make an already restless country ungovernable. Instead, the government will do far better to take commercial loans to fill the gap. Indeed its best course is to actually accelerate the pace of investment in the above industries by going to the international money markets. Finally, IDA replenishments may become easier to obtain if the poor developing countries themselves accept some hardening of terms. When this 50-year interest-free scheme was started, the international rate of inflation was three to four per cent. In the eighties it is unlikely to go much below ten per cent. A reduction in the repayment period to, say, 35 years and an increase in service charges from two to, say, four per cent, is not therefore unwarranted.

ISRO DIRECTOR TELLS BHASKARA-2 MODIFICATIONS

Bombay THE TIMES OF INDIA in English 20 Oct 81 p 6

[Text] Bangalore, October 19 (PTI)--Bhaskara-II, India's second earth observation satellite, is to be airlifted to the Soviet cosmodrome tomorrow for launching by an inter-cosmos vehicle in the third week of next month.

An Air India chartered cargo plane will arrive here later in the day to take the spacecraft, according to Prof. U. R. Rao, director of the ISRO satellite centre, which designed and fabricated the flight model.

The spacecraft, would reach the launching pad near Volgograd in the next two or three days, Prof. Rao told newsmen here today.

Bhaskara is expected to be launched between November 25 and 30, according to present indications here. The life of Bhaskara-II was estimated at one year but it was "quite likely to exceed that as in the case of Bhaskara-I."

Prof. Rao said the satellite was in good shape. In view of the initial failure of the T.V. camera in Bhaskara-I, the spacecraft was subjected to extensive tests for three weeks in the thermo-vacuum space chamber and improvements effected wherever possible. "We hope there will be no trouble", he said.

Prof. Rao said that the satellite would become operational two or three weeks after launching. The period in between would be used for orbit checks of the spacecraft.

Certain modifications had been carried out in Bhaskara-II in the light of experience gained from its predecessor. An extra radio meter had been introduced, according to Prof. Rao.

In order to differentiate the liquid water from water vapour content, the present spacecraft would carry three microwave radiometers operating in the 19, 23 and 31 GHZ bands, the last mentioned band being additional to the configuration, he said. "Changes had also been made to discharge" which caused the breakdown of the T.V. camera in Bhaskara-I.

He said the fact that a Soviet team which had conducted joint tests of the flight model at the ISRO satellite centre recently found it very satisfactory, spoke volumes of India's development in space technology.

Prof. Rao said overall design, development, integration and testing of the satellite was carried out at the ISRO satellite centre here. The primary payloads namely the T.V. camera system and the microwave radiometer were designed and built at the Space Applications Centre (SAC), Ahmedabad.

The final preparations for the launching would begin soon after the spacecraft reached the Soviet cosmodrome. The first Indian team would be in Soviet Union on October 25, when the spacecraft would have reached there. A second team, including Prof. Rao and Dr. K. Kasthurirangan, ISRO project director, would join them by November, he said.

CSO: 4220/7285

OFFICIAL REPORTS NEW TAXATION TREATIES

New Delhi PATRIOT in English 20 Oct 81 p 7

[Text] A convention between India and Mauritius for the avoidance of double taxation and prevention of fiscal evasion with respect to taxes on income and capital gains was signed at delegation level in the Capital on Monday.

The Indian delegation was led by Chairman of Central Board of Direct Taxes Jagdish Chand while Mauritius delegation was led by Commissioner of Taxes D. M. Henry.

The main objective in negotiating treaties for the avoidance of double taxation of income is to stimulate the flow of capital, technology and personnel from one country to the other for accelerating economic development and to remove obstacles that double taxation presents in development of economic relations between the concerned countries.

Foreign investors are generally subjected to tax in their home countries as well as in the country in which they make the investment. Tax treaties secure the result that a taxpayer is not required to pay tax twice in respect of the same income.

India had signed a similar convention with Tanzania last week.

It will be signing a double taxation avoidance treaty with Thailand later in the week.

CSO: 4220/7291

FINANCE MINISTER'S VISIT TO MADRAS REPORTED

Press Conference Remarks

Madrass THE HINDU in English 18 Oct 81 p 6

[Text]

MADRAS, Oct. 17.

The Union Finance Minister, Mr. R. Venkataraman, today said there had been a definite improvement in the supplies of coal, availability of power and railway wagon turn-around all in the core sectors of the economy. These factors had been responsible for the drop in rate of inflation from double digits to 7.8 per cent now.

Mr. Venkataraman, who arrived here last night from Delhi on a day's visit to the city, told newsmen that the rate of inflation was calculated on the basis of annual computation of wholesale price index — the yardstick for assessing inflationary trends in any economy.

When it was pointed that retail prices of essential commodities were ruling high and had no relation to wholesale prices, the Minister replied "The retail prices fluctuations may be due to several causes. We do not judge an economy by these prices. We base our calculations on the wholesale prices index".

Questioned how the Government was going to tackle the supply and management problems, the Finance Minister said, "We have to strike a balance between various factors like foreign exchange constraints on

the one hand and the need for accelerated development of the economy on the other".

Asked if the Government was happy after bringing down the rate of inflation, he said, about Rs. 5,400 crores was spent on import of oil and petroleum products. "There is no indication at present whether oil price will come down. It is quite possible they may rise. Since we are spending about five billion dollars, how can we claim that we are in a happy position?".

Regarding steps to ease the cement shortage, the Finance Minister said the Government had issued licences for additional capacity. When it was pointed out that there would be inordinate delays at the official level, Mr. Venkataraman said "These licences are cleared in a trice. I have known the bureaucratic approach adopted in U.S. and Japan. Compared to them, we are much better. There will be no official delays. But the fact is demand for cement is far outstripping supply".

About the reported crisis in the textile industry, he said the Government had offered some concessions. But there might be some difficulties. The crisis might be due to the high price of cotton. "If every difficulty

is made to look like a crisis, then the entire country will be in a crisis".

The Minister expected the current year's cotton crop to be quite good. "We do not think we will be facing the difficulties like last year. Modifications have been made in the monopoly procurement scheme for cotton. These are likely to moderate cotton prices".

When his attention was drawn to a report about the Managing Director, Life Insurance Corporation speculating about the form of the proposed LIC decentralisation, Mr. Venkataraman said, "The proposal has been approved by Parliament. How can we change it? The Government will take a decision after the committee's recommendations are received".

About a Free Trade Zone in Madras he said, "I am trying for it. But even the principle of a FTZ has not yet been accepted. The situation in the Kandla FTZ is not much more satisfactory", he said.

Mr. Venkataraman said "no comment" when his attention was drawn to the report in "THE HINDU" on details of the negotiations between the International Monetary Fund and the Union Government.

Remarks on Foreign Banks

Madrass THE HINDU in English 18 Oct 81 p 6

[Text]

MADRAS, Oct. 17.

The Union Finance Minister, Mr. R. Venkataraman, said here today that the Government of India was doing its best to attract foreign investment. The steps already taken by the Government, namely allowing 40 per cent equity share for the new capital-surplus oil rich countries

even if it did not involve transfer of high technology, and 40 per cent equity share for the developed countries on the condition that it was followed by import of technology, not available in the country, would continue. He did not agree with suggestions that equity of this magnitude should not be allowed to foreigners.

Mr. Venkataraman was inaugurating a new building constructed on Rajaji Salai to house the main Madras branch and the administrative regional headquarters of Grindlays Bank.

Speaking about the usefulness of foreign banks in the industrial growth of India, the Minister promised all assistance to the foreign banks

functioning in India. In fact, he invited more countries, particularly the oil-rich countries to open branches of their banks in India. India itself had its bank branches in various countries. Just as he did not want foreign countries to restrict activities of Indian banks abroad, he would not think for a moment of putting hurdles in the growth of foreign banks' business in the country.

Referring to criticisms of the credit policy, he said the aim was to control liquidity in the economy and not at all to stifle credit availability for productive purposes. "I can assure you that flow of capital resources for productive purposes will be maintained. We do not, however, want to give large amounts of credit to hoarders who can create scarcity

in the market and create conditions of inflation," he said.

Mr. Ashok Deyal, Regional Director, Grindlays Bank, welcoming the Minister traced the growth of the bank through the 100 odd years it had been functioning in Madras. It had the largest domestic business among the foreign banks in India.

Mr. Arthur Marshall, British Deputy High Commissioner, Madras, emphasised the importance of foreign banks in a country's economy. "Only foreign banks can make a totally impartial assessment of the economic situation," he said. Fortunately, India had recognised the vital need of foreign banks, he added.

Mr. A. J. O. Ritchie, Deputy Chairman, Grindlays Bank, London, presided.

CSO: 4220/7276

GANDHI INAUGURATES CONGRESS-I TRAINING CAMP

New Delhi PATRIOT in English 16 Oct 81 p 10

[Text]

Prime Minister Indira Gandhi on Thursday appealed to all communities and their leaders to resolve their differences and become 'equal partners in the task of the country's development'.

Inaugurating a training camp of All India Congress Seva Dal instructors in the Capital, Mrs Gandhi said that while violence had become a universal phenomenon and was not limited to India alone, there was a need to instill a sense of discipline and unity among the people of this country. She warned that in the absence of this, neither the majority nor the minority communities could progress.

The Prime Minister reminded her audience that the bitter rivalries and in-fighting among Indians had made it easy for foreigners to dominate the country for centuries. Apart from the existence of inter-community conflicts at present, she also pointed to the caste conflicts that were weakening the country. She asked the Seva Dal workers to make efforts towards socially educating the people and defusing tensions so that the involvement of police in such matters could be reduced.

Mrs Gandhi said that unity among diverse peoples of India could also be fostered if they learnt each

others' languages. While there would be no attempt to force Hindi, she said that Indians should learn it happily since this would make them feel one.

While admitting that much remained to be done to eradicate poverty and other ills Mrs Gandhi said the changes that had taken place since independence, in the agricultural and industrial fields, had enhanced the country's prestige. Referring in particular to the achievements on the food front, Mrs Gandhi said that the decision to import food grains was just a safeguard against possibilities of malpractices by the hoarders.

Speaking about her recent visit to the Philippines and quoting the example of Japan and other countries, Mrs Gandhi pointed out that the rapid progress made by these nations was not only because of a strong sense of discipline and unity inculcated among the people there, but also because of relatively "small" things like cleanliness and a determination not to waste. She asked Indians to emulate this example.

Among the Congress-I leaders present at the inauguration were Mr C M Stephen, Mr Kedar Pandey, Mr Veerendra Patil, Mr Vasantdada Patil and Mrs Kumudben Joshi.

CSO: 4220/7265

CONGRESS-J LEADER SCORES HINDU ACTIVITIES

Madras THE HINDU in English 20 Oct 81 p 12

[Text]

NEW DELHI, Oct. 19.

Mr. Jagjivan Ram, President of the Congress (J), has come down heavily on yesterday's Vist Hindu Sammelan in Delhi and described it as a challenge to India's secularism.

Some of the speakers at the Conference, he told newsmen here today, had said that conversion to Islam was threat to India's security. Was India the home of Hindus alone, he asked.

The Government of India was secular only in profession. Any secular Government would haul up people who made such statements, he added.

"RSS-Cong. @ joint venture"

Mr. Jagjivan Ram said the Sammelan was a joint venture of the RSS and the Congress (J) and the Government had provided all facilities for holding it.

For the first time a religious conference was allowed on the Boat Club grounds where usually only political rallies were held, he said.

The other evidence he cited of Government help for the Sammelan was the forcible removal of a large number of Harijans from a Harijana village who had offered dharna at the Boat Club grounds. These people were taken away to the Delhi Cantonment police station and mercilessly beaten up.

Local Congress (J) members of Parliament had taken an active part in the sammelan and buses had been diverted

from the area under Government orders.

Mr. Ram said the Vist Hindu Sammelan was a reaction to the mass conversion of Harijans to Islam at Meerutpuram, but what were the Hindu leaders doing when Harijans were attacked at one place after the other?

He was not advocating conversion of Harijans to Islam, for conversion was no solution to the problem of poverty. It might however afford Harijans some security, for when a Muslim was attacked by a Hindu it became a communal issue, but not so when a Harijan was the victim of caste Hindu assaults.

Slogans like the removal of untouchability or the Harijans' right to entry into temples were no longer of any relevance to them. What they needed most was now dignity and equality, he said.

Mr. Ram said some of the sponsors of the Conference had come to see him, but he told them that he would not take part in it, for their professions were different from the objective of the Conference.

It was not proper to include Buddhists, Jains and Sikhs among Hindus, he said. "Are Buddhists, Jains and Sikhs Hindus? Will they accept their respective religions to be treated as so many Sampradhiyas like Kabirpanthi and Vaishnavites of the Hindu religion? Is it not tantamount to insulting them to designate them as Hindus?" he asked.

LETTERS BETWEEN HOME MINISTER, KERALA LEADER

Madras THE HINDU in English 20 Oct 81 p 11

[Text]

NEW DELHI, Oct. 19.

The following is the text of the Union Home Minister Mr. Zail Singh's letter to Mr. E. K. Nayanar, Kerala Chief Minister.

"We have been deeply distressed to read reports in a number of Kerala newspapers dated September 28, 1981 that the State Home Minister Mr. T. K. Ramakrishnan, stated at the meeting of the Liaison committee of the Ruling Front held in Trivandrum on Friday, September 28, 1981 that the Centre had deputed agents to kill the Congress (S) leaders of Kerala. He has also been quoted as saying that officials of the Central Research and Analysis Wing (RAW) had arrived at Trivandrum and were plotting the murders."

"You are, perhaps, aware that I have categorically and strongly contradicted the above allegations made by your Home Minister, in my interview with the Malayalam paper Mathrubhumi, New Delhi on Sept. 27, 1981."

"We are in the know of the fact that your State officials feel intrigued and angered since the authorities, who should know better, do not have an iota of evidence which may even remotely lead to any suspicion of the kind that has been generated by the statement of your Home Minister."

"The statement made by your Home Minister is too serious to be ignored. He has made the allegation that the Central Government is engaged in plots for murders. He has dragged in the name of Central agencies baselessly and maliciously."

"He has not contradicted the statement so far. On the other hand, he has asserted again that he stands by the allegation he made. If he has any evidence, he should have the moral courage to produce it for all to judge. He avoids doing that. The inference is inescapable that the allegation had been made without any basis and with some ulterior motive. The allegation

of the kind made by Mr. Ramakrishnan cuts at the very root of our democratic way of life as well as the political system."

"The Central Intelligence and the different agencies thereof have a crucial role to play in the national interest. They are important wings of the Central Government discharging vital functions in a sensitive area. Its credibility with the people, which on all accounts is high enough, needs to be maintained unimpaired. Any conduct by any State Government conducive to impeding or prejudicing its operation or credibility, will be violative of the constitutional obligation of a State Government. The statement of your Home Minister amounted to nothing less. Naturally, my concern extends to vital issues which transcend the fleeting exigencies of the moment of narrow political calculus."

"I hope you and your Government would not support such wild and unsubstantiated allegations that your Cabinet colleague made. If that is so, it is morally and constitutionally incumbent on you to clarify the position in public interest. Life and liberty of the people should not be allowed to be made the plaything of partisan political considerations on the part of those from whom the people expect greater sense of perspective and responsibility."

"I would appreciate it, having regard to the gravity of the matter, if you could please take immediate steps to have the statement casting unwarranted aspersions made by the Home Minister of Kerala regarding the so-called plot by the Centre to assassinate some Congress (S) leaders contradicted. It is very essential that the atmosphere vitiated by the false report is completely cleared and that there be no misgivings in the minds of the people on this score."

"I shall be thankful for an early reply."

Nayanar's reply

The text of Mr. Nayanar's reply is as follows:-

"I agree with you that life and liberty of the people should not be allowed to be made the plaything of partisan political considerations on the part of those from whom the people expect greater sense of perspective and responsibility."

"I would have appreciated if you had applied this wholesome principle to the pronouncements of your colleague in the Home Ministry, Mr. Mathew. He has publicly charged our party with "political murders" against which Mr. Jyoti Basu had to come out publicly. In relation to Kerala itself, he has been making wild allegations and went to the extent of publicly calling for a second "liberation struggle" of the 1959 model."

"I hope you would realise that such activities of a Union Minister — one in the Ministry of Home Affairs at that — cuts at the very roots of our democratic way of life as well as the political system."

"This was the background against which a report appeared in the Malayalam daily, *Mathrubhumi*. Those who had the report published in the paper and Mr. Ramakrishnan have been obviously influenced by these background developments."

"I find that a proper verification had not been made before the report was published in the paper referred to by Mr. Ramakrishnan at a closed-door meeting of the Ruling-Front parties. I am sorry for this lapse, particularly in view of your categorical denial."

"Efforts should therefore be made on the part of both the Centre and the State to put an end to such developments. While requesting you to see that this is done from your end, I assure you that I shall play my part in it."

HINDU MEETINGS VOW TO PROTECT RELIGION

Madras THE HINDU in English 19 Oct 81 p 11

[Text]

NEW DELHI, Oct. 18.

In a historic expression of solidarity, lakhs of Hindus, representing different sects and denominations, converged on the sprawling India Gate lawns here today and resolved to rid the Hindu society of its social evils, specially the traces of untouchability.

Participating in a "Virat Hindu Sammelan," organised by the "Virat Hindu Samaj," a non-political platform for coordinating the activities of numerous Hindu organisations in the field of "Dharm Prachar" (propagation of religion) and social reform, they also expressed their determination to protect their religion in the country particularly from any inroads with the help of foreign money.

In his presidential address, Dr. Karan Singh, MP, President of the Virat Hindu Samaj, declared that unaccounted flow of foreign money for political or religious purposes constituted a threat to the nation. He urged the Government to take urgent action in this matter.

If legislation was necessary in this regard, a Bill should be brought before Parliament as early as possible.

Dr. Karan Singh called on all Hindus to spend Sunday afternoons in some form of social and community service. This, he said, would help in their spiritual growth and also make a contribution to national welfare.

A galaxy of religious leaders and heads of different mutts and spiritual organisations sat on the 45 metre-high open air rostrum with a huge "Om"

as the backdrop.

The entire space between Boat Club and India Gate was packed to capacity. Not a curse.

Expressing concern at the recent conversions, which they saw as attempts at sowing disunity and discord, Dr. Karan Singh and the heads of different Hindu religious sects said the Meenakshipuram episode should not be taken as a curse. On the contrary, it had come as a boon in "opening our eyes to the weaknesses in Hindu society and overcoming them."

They observed that Harijans were an integral part of the Hindu community and deprecated efforts at institutionalising class and caste distinctions.

The centuries-old Hindu religion and scriptures preached universal brotherhood and wanted fellow beings treated with compassion and understanding.

Mr. Ram Dhan, President of the Depressed Classes League, said unless untouchability was abolished from India and Harijans were treated equally, conversions could never be stopped.

Sri Prakashchandra Mahant, from Haridwar, Swami Budhanandji from the Ramakrishna Mission and Vishvesha Tritha Swami of Pejaver Mutt, Udipi, Karnataka addressed the sammelan.

Concern over decline in Hindu population

Great concern over the "constant decline in Hindu population" was expressed at a Hindu unity convention

called by the Vishwa Hindu Parishad in Calcutta yesterday.

The convention said appropriate steps should be taken to check the decline by removing the causes including "neglect of the welfare of tribal and ill-placed brethren."

It passed a resolution urging the Centre to extend the Hindu Code and the Hindu Special Marriage Act to all religions as India is a democratic country.

It also wanted the Government to declare as "illegal" conversions to Christianity by the Christian missionaries with the help of foreign money.

Referring to the conversion of some persons belonging to weaker sections in Meenakshipuram to Islam, the meeting said it had been done by bribing and taking advantage of their helplessness and urged the Government to declare it illegal.

In New Delhi today, thousands of Terapanth Jain men and women took a public vow not to create a feeling of untouchability and discrimination amongst sects and classes, but to have an environment of human equality.

They also decided not to demand dowry, and not to adulterate edibles.

The vow was administered by Acharya Tula, the ninth pontiff of the Terapanth sect at a public function organised to celebrate the centenary of Shrimad Jeyacharya, fourth Acharya of the Terapanth sect.

MINISTER STRESSES TECHNOLOGICAL SELF-RELIANCE

Madras THE HINDU in English 20 Oct 81 p 12

[Text]

TIRUCHI, Oct 19
 "I am totally opposed to import of any equipment, especially when we have built up the capacity and expertise." Today, BHEL is able to compete favourably in the international market, said Mr. R. Venkataraman, Union Finance Minister, here on Monday.

He named the new township springing up at the southern side as "Karnapuram" at a function held here at the BHEL complex.

Mr. Venkataraman said the Sixth Plan envisaged additional power generation. He hoped BHEL would meet the challenges in power generation.

He commended the staff welfare amenities in BHEL.

Mr. T. V. Balakrishnan, Director, presided over the function.

Mr. M. K. Sridhar, Executive Director, BHEL, said the new township on an 85 acre site would accommodate over 8,500 people. The Government had cleared another 450 acres for the extension of the Kallaspuram township of BHEL.

The Finance Minister went round several production shopfloors and the seamless steel tube complex.

Addressing a press conference, Mr. Venkataraman said the performances of both the private and the public sectors during the first half of the year

ending with September 30 were very heartening as reflected in the 12 per cent industrial growth during this period.

The Seventh Finance Commission would have to be constituted in the next few months. The Government is having talks with the joint consultative committee on the impounding of D.A. to the Central Government employees, he said.

The performance of the regional rural banks was "very good", the Finance Minister said.

The operation of the rural banks would be extended in a phased programme during the Sixth Plan period to cover the entire country.

Role of computers defended

The Union Finance Minister, Mr. R. Venkataraman said here that the substantial subsidy in education was meant to ensure availability of higher education to all talented persons regardless of economic or social status.

However, Mr. Venkataraman added if the country did not get adequate returns for its huge investment in higher education, there could be no justification for the continued subsidisation of this sector.

The Finance Minister who was inaugurating a computer terminal at the Regional Engineering College, here

on Monday, paid a tribute to Principal Prof. P. S. Menasudaram.

Advice to students: The Minister urged the students to employ the knowledge they gained for the benefit of the country.

He said the solution to the problems of poverty and unemployment lay in technological advancement.

With the technologically more advanced nations pursuing more inward looking policies, the challenge of attaining technological self-reliance had assumed critical proportions for the country.

Role of computer: It was unfortunate that even some well meaning persons resented the introduction of computer in justifiable areas on the ill-founded grounds of protecting labour interests.

The use of a computer solely for the purpose of saving labour, would not be justifiable. However, in many areas like inventory control and production planning there could be a substantial increase in the productivity of both capital and labour with the introduction of computers.

The endeavour of the engineering students should be to identify those areas of computer applications which would improve productivity rather than merely replace labour in performing routine calculations.

CSO: 4220/7289

BIHAR CPI ISSUES STATEMENT ON POLITICAL MURDERS

New Delhi PATRIOT in English 18 Oct 81 p 4

[Text] Patna, Oct 17--Citing the increase in crime rate and political murders, the Bihar CPI has alleged that the law and order situation in the State has taken a dangerous turn.

In a press note issued here today it claimed that nearly 55 persons have been murdered in the last one and a half years' rule of the present Government and out of them the number of CPI workers was the highest.

It said the murder of Madhubani CPI leader Parmeshwar Yadav is one of the latest incidents. The death of Cong-I MLA Ramdeo Singh, who was shot at and remained bed-ridden for long was also to be considered as a political murder.

The murder of 11 teachers of Begusarai, including teacher's leaders Gangotri Singh and Ramashray Singh has now brought to light the gravity of the situation, it said.

The party alleged that the vacillating policy of the Government in respect of the atrocities by landlords and money lenders has encouraged violence.

It also alleged that in the interest of exploiters, Government officials are pressurised given abetment by way of promotion and intimidated by transfers. It cited a few instances of Madhubani and Bhagalpur districts.

Two khet mazdoors of Manpur (Madhubani) were killed after the deployment of armed police there and three murders were committed in Chhatauni in the very presence of armed police. The party alleged that in this connection, the police department is now being compelled to exonerate the murderers.

CSO: 4220/7277

KILLING ON PROGRAM OF TWO NAXALITE GROUPS

Calcutta THE STATESMAN in English 20 Oct 81 p 3

[Text] There are now two Naxalite groups who believe in annihilation as part of a political programme. These are the Nishit Bhattacharya-Azizul Huq and the Shanti Roy groups, the latter mostly operating in the Malda-West Dinajpur area.

While the former group considers the 1970-71 political line of the CPI(ML) absolutely correct, the Shanti Roy faction is not quite categorical about it, though it accepts mass movement as a political weapon along with the annihilation programme. Both these pro-Lin Biao sections are outside the dozen Naxalite bodies who have become disillusioned about individual killings.

Among the main targets of the Nishit Bhattacharya-Azizul Huq group are those who they think, were instrumental in suppressing the Naxalite movement of 1970-71 or betrayed their comrades. After the murder of Dipak Biswas, a former secretary of the CPI(ML) in Siliguri about two months ago, the Azizul group issued a leaflet claiming responsibility for the action. Dipak Biswas was stated to have helped the arrest of Charu Majumdar, the founder of the CPI(ML).

Shanti Roy's group was mainly connected with gun snatching in West Dinajpur and organizing the low caste Palia agricultural labourers in West Dinajpur and Malda. They made their entry into the area by killing several notorious dacoits and smugglers operating in that region. Their action has received support from a section of middle peasants.

Both these two pro-Lin Biao groups, now active in West Bengal, were associated with Mr Mahadev Mukherjee in 1975-76. But they have deserted their former leader now.

Meanwhile, the Association for the Protection of Democratic Rights complains, in a statement, of torture in police custody of those who had been arrested in connexion with the murder of a police officer in Ariadah, Belghoria, about three weeks ago. It regrets that the assurance of the Home Secretary that there would be no torture in police custody has not been honoured.

CSO: 4220/7287

RAILWAY MINISTER HOLDS DELHI PRESS CONFERENCE

New Delhi PATRIOT in English 19 Oct 81 p 7

[Text] The Railways are confident of ending the current financial year with a surplus, reports PTI.

Expressing satisfaction over its current performance, Railway Minister Kedar Pandey said that during the first six months till September this year, the Railways lifted 104.11 million tonnes of revenue earning freight traffic out of the target of 215 million tonnes set for 1981-82. With the start of the busy months for Railways from November, he was confident of exceeding the target by the end of March, 1982.

The target for the sixth-month period April-September had been exceeded.

Speaking at a face-to face meet with the Urdu press in Delhi on Saturday, he pointed out that in 1980-81, the Railways loaded only 195 million tonnes against the target of 214 million tonnes.

Railway Board Chairman M S Gujral, who was present at the press meet, disclosed that the revenue for the six-month period had also gone up by more than Rs 100 crores over the budget estimates.

Mr Pandey said that before he took over there was undue emphasis on introduction of new passenger trains including super fast express without any increase in the revenue. This was not a reflection on any individual but on the outlook, he said.

As a result, he said, the Railways were put into financial difficulties. The Railways derived 65 per cent of its revenue from freight traffic, he pointed out. It was therefore, necessary to run the system on commercial lines. Introduction of passenger trains was more of a social obligation than a revenue-earning proposition.

The Railways, he said, proposed to run longer goods trains of 4,500 tonnes capacity that would be hauled by two locomotives and in the future trains with 7,000 tonnes capacity handled by four or five locomotives.

The Railway Minister also claimed great improvement in the turn-round which represents the time lag between two successive loadings of the wagons, was 12.7 days against 16 days in June last year.

Mr Pandey conceded that the Railways had not been able to achieve success either in punctuality or safety in operating passenger trains. But there had been gradual improvement since last year in punctuality. As against punctuality performance of 84.2 per cent last year, the percentage so far had shown slight improvement and was 85 per cent in July.

About the increasing number of accidents, Mr Pandey admitted that human error accounted for 60 per cent of train mishaps during the last 20 years. Sabotage and faulty tracks and coaches had also contributed to a few accidents.

He pointed out that while the number of trains had increased substantially to meet the rising passenger traffic, railway tracks had remained the same.

Out of 61,000 route kms, 5,000 kms of tracks were in bad shape necessitating imposition of speed restrictions on certain sections. It was only when drivers ignored the restrictions that accidents occurred.

CSO: 4220/7283

MINISTER SAYS COAL INDUSTRY CLOSED TO PRIVATE SECTOR

Calcutta THE STATESMAN in English 20 Oct 81 pp 1, 9

[Text] The Union Energy Minister, Mr A. B. A. Ghani Khan Chaudhury, told reporters in Calcutta on Monday that the private sector would not be allowed to enter the coal industry under any circumstances. Requests from some State Governments to develop "uneconomical" mines had also been turned down, he said.

Reacting sharply to fears in the private sector about the scarcity of coal, the Minister said the firms in the private sector had done "infinite damages" to mines; they would not be allowed to develop virgin mines. A report prepared by the World Bank, forecasting a shortage in the supply of coal in the near future, had ignored estimates of the Planning Commission. The private sector, he alleged, was trying to discredit the public sector and create a psychology of shortage.

Mr Chaudhury said that with an output of 165 million tons a year by the end of the Sixth Plan period, Coal India would be able to meet the demand for coal. Coal India had initially estimated the annual demand for coal in that period to be 184 million tons, but it had overestimated the demand from steel plants and power plants. While it had put the demand from these sectors at 42 million tons and 76 million tons, respectively, the Planning Commission's estimate was 34 million tons and 65 million tons.

The World Bank, which made a sectoral study every three years of infrastructural requirement in countries receiving its assistance, had used the demand estimate of Coal India in a draft report. The draft itself was now with Coal India for corrections, and a World Bank team would soon arrive to discuss the coal position. Somehow the report had leaked out.

The Minister claimed that this year's production performance was better than last year's. Coal India's production during the first six months this year was 48 million tons as against 43.7 million tons in the corresponding period last year. This year's target was 48.6 million tons during the first six months. The shortfalls in output were mostly in mines situated in West Bengal, where production suffered owing to law and order problems and absenteeism.

Ruling out any possibility of bulk import of coal in the near future, Mr Chaudhury said that whatever import was being made was for reasons of quality. Modern plants and equipment were necessary to meet the requirements of quality by steel and power

plants. The Centre had taken up a programme of importing machinery to set up modern washeries and other plants.

He said that 100 coal handling plants would be set up at pit-heads and sidings by the end of 1982 to improve the quality of coal supplied to power plants. Admitting that power plants had some genuine grievances regarding supply of oversize coal, the Minister said that the power plants should also instal devices to make do with the quality of coal supplied.

The Minister, however, feared that mechanization at the Eastern Coalfields might lead to serious problems of surplus labour, for the ECL mines already had too many people. A difference of opinion had arisen between the Centre and the State Government regarding the recruitment policy in the ECL mines. Mr Chaudhury said he might seek the opinion of the Union Cabinet on the issue.

He said that Coal India was expected to make a profit of about Rs 25 crores during the current financial year, which would be the first year of profit since its inception. During the first six months of the financial year, the position was one of no-profit and no-loss. Last year, the company incurred a loss of Rs 33 crores.

Earlier, reviewing the performance of the subsidiaries of Coal India during the first six months, the Minister asked them to review the whole situation in view of criticism from the private sector. He said at the meeting that the total coal production during the current financial year would have to be increased to 124 million tons against 121 million tons last year.

CSO: 4220/7287

SCARCITY OF COAL BY END OF SIXTH PLAN FEARED

Calcutta THE STATESMAN in English 19 Oct 81 p 1

[Text] The Indian Chamber of Commerce fears that an acute shortage in the supply of coal may develop by the end of the Sixth Plan when the annual demand is likely to exceed supply by 25 million tons. Reviewing the situation at a meeting in Calcutta on Saturday, the chamber felt that the Centre should allow the private sector to develop virgin coal-bearing areas, besides stepping up coal production itself.

According to a Press release issued by the chamber, the Planning Commission had earlier estimated the demand for coal by the end of the Sixth Plan at 168 million tons but later revised the estimate to 173 million tons. On the other hand, the production target at this period was estimated at 165 million tons. A recent study by the World Bank has, however, estimated the demand for coal by the end of Sixth Plan be about 180 million tons, while the Union Energy Ministry feels that production of coal during this period may not exceed 155 million tons, the Press release said.

The chamber feels that entry of private sector in the field of coal production will bring in an element of competition and thus improve the performance of public sector mines.

The chamber criticized the policy of increasing transport of coal by road. The share of road transport in movement of coal had gone up from 12.6% in 1975-76 to 22.2% in 1979-80, with an accompanied rise in transport cost from the industry. This also entails substantial wastage of diesel. The chamber suggested that the capacity of the Railways to carry coal be increased.

Meanwhile, the Coal Consumers Association of India, in a memorandum to the Union Energy Minister, has expressed concern over the poor quality of coal supplied to consumers.

The memorandum said that supply of unsuitable coal to steel plants was causing problems there, irregular supply was affecting blending. Besides, the ash content of coal was mostly higher than the desired amount.

In power stations, supply of oversize coal was creating the biggest difficulties in unloading the memorandum said. About 30% of the coal supplied to Santaldih power plant was oversized.

CSO: 4220/7281

REPORTAGE ON INDO-SOVIET OIL EXPLORATION PACE

Soviet Delegate's Remarks

New Delhi PATRIOT in English 18 Oct 81 p 7

[Text] The USSR and India are signing a protocol on Monday for conducting intensive exploration in search of oil and gas in West Bengal.

Disclosing this to newsmen in the Capital on Friday, Soviet Deputy Minister of Oil D K Takoyev informed that he had during a meeting with Petroleum and Chemicals Minister P C Sethi urged for joint massive efforts by the Soviet and ONGC teams to carry out the exploration work.

'We have thus proposed drilling not with one rig but three to four rigs' he said. He further explained that the Soviet Union was ready to use additional number of rigs (despite the fact that it did not have rigs to spare in view of the demand at home and commitments in Iraw and Libya) because it wanted to help India in finding its oil and gas reserves within the shortest possible time as had been correctly highlighted by Prime Minister Indira Gandhi.

Mr Sethi had promised to study the proposal of increasing the number of rigs for drilling and assured to communicate the Indian position before 7 November but in principle the Minister had agreed with the proposal, Mr Takoyev felt.

The Soviet Deputy Minister, who left for Calcutta for an on-the-spot study of the potential sites (he is returning to the Capital by Monday morning), said the geological and geophysical data collected by both Indian and Soviet specialists had pointed to several promising regions in West Bengal, the most promising being the Ranaghat area covering 2,300 square km. The prospects of gas were more promising but the possibility of finding oil reserves was not ruled out either. 'We think that gas and possibly oil may be discovered at a depth of three to four km. though drilling will be done up to six km', he said.

The protocol, Mr Takoyev informed, stipulated the time of drilling which could almost coincide with the signing of the contract in May next year by which time all preparatory work would be completed.

Soviet rigs were found superior to that of US, Spanish, French, Australian companies.

Further more, the conditions of drilling in the Arab States were far better than in India. If the average depth there was three km. in India it was six; additionally, the pressure on seams here was very high and abnormal.

Report on Pact Signing

New Delhi PATRIOT in English 20 Oct 81 p 5

[Text] The Soviet Union will make integrated efforts for exploration of oil (hydrocarbons) in West Bengal.

A protocol signed on Monday envisaged exploratory work in the demarcated areas of West Bengal by the Soviet Organisations from March 1982.

The protocol was signed in the Capital by the visiting Deputy Soviet Minister for Oil Industry D Takoyev and chairman of Oil and Natural Gas Commission Col S P Wahi.

After signing the protocol Mr Takoyev said that the protocol was an important landmark in India's oil industry.

He said that specialists of the two countries would very soon chalk out a long-term plan of co-operation in the development of oil industry in India.

Mr Takoyev said as per the request of Indian side, a team of 40 Soviet specialists in different areas of oil industry would be arriving in India.

Similarly, a team of Indian geophysicists would also go to the Soviet Union to undergo training in oil technology, he said.

Mr Takoyev said that a lot of preparatory work had to be completed before starting the actual exploratory work.

The Soviet Minister also offered similar assistance for oil exploration in other States of the country.

According to Mr Takoyev, deep-drilling up to a depth of 3,600 metres is being undertaken by a Soviet team in Tripura, and plans are afoot to extend it up to 5,000 metres, where there are more prospects for oil.

CSO: 4220/7277

ONGC GIVES STATISTICS ON CRUDE PRODUCTION

Calcutta THE STATESMAN in English 20 Oct 81 p 3

[Text] India is saving Rs 6.4 crores in foreign exchange a day at the current world oil prices by producing 35,500 tons of crude oil a day, according to Oil and Natural Gas Commission sources in Calcutta.

The sources said on Monday that the production of crude oil had shot up from 19.21 million tons in 1961-71 to 62.96 million tons in the next decade. During the two decades the production totalled about 82 million tons. The ONGC which started from scratch in 1956, the sources pointed out, had so far drilled 1,824 wells. Of these 1,141 wells were found to bear oil and gas, giving a success rate of 68%. The search for oil began with the commissioning of nine rigs in 1961. In 1981, the number of rigs in the field was 41.

The present supply of natural gas from all ONGC fields, onshore and offshore, was over 2.7 million cubic metres a day. This gas is supplied for fertilizer and power production and also for domestic use.

The ONGC plans to produce 79 million tons of crude oil during the 1980-85 period. Of this amount, 15.5 million tons will come from the western region, 12.2 million tons from the eastern region and 51.3 million tons from offshore. The production of gas and LPG during the same period is estimated at 8,258 million cubic metres and 1,050,000 tons, respectively.

The ONGC sources pointed out that this year about 50% of the country's total crude oil demand would be met indigenously, since the production would be around 16 million tons. The total internal demand was about 32 million tons last year.

The ONGC has paid, till March 1980, a total of Rs 179.37 crores by way of royalty to the Centre and to the State Governments.

CSO: 4220/7287

BRIEFS

MADRAS AIRPORT IMPROVEMENT--Madras, Oct 14 (PTI)--The Rs one crore project of Precision Approach Radar (PAR) system is to be commissioned at Meenambakkam airport, shortly. The system, at present intended to operate only during peak hours, will facilitate safe landing of aircraft, especially during adverse weather conditions. One of its main advantages is that it needs no sophisticated equipment on board the aircraft to comply with the PAR, except an altimeter. The PAR will guide the aircraft accurately on its final phase of landing up to 0.5 nautical mile above ground and then the pilot can make a perfect visual landing. The equipment have been supplied by the Hindustan Aeronautics Ltd, Bangalore. A two-week training for the engineers and air traffic controllers at Meenambakkam was imparted by a civil aviation departmental team from Delhi. [New Delhi PATRIOT in English 16 Oct 81 p 7]

SINGH FACES PROSECUTION--Mr M R Dhawan, father of Prime Minister Indira Gandhi's aide R K Dhawan, has been accorded sanction by the Union Government to prosecute former Prime Minister Charan Singh and seven others in the defamation case filed by him, reports UNI. The others who face prosecution are: former Home Secretary Sreenivasavardan, former Intelligence Bureau Director S H Mathur, former Joint IB Director V V Nagarkar, Narasimhan, former CBI Deputy Inspector-General I C Dwivedi, former CBI Superintendent F C Sharma and former CBI Deputy Superintendent H K L Diwan. Mr Dhawan's counsel K G Bhagat on Saturday submitted the letter of sanction in the court of metropolitan magistrate Jaswant Singh, who issued notice to all the respondents except Mr Nagarkar. The Delhi High Court had earlier quashed the prosecution for want of sanction to prosecute Mr Nagarkar. The charge against the accused alleges hatching of a conspiracy to harass and humiliate Mr Dhawan and his family during the Janata Party rule. [New Delhi PATRIOT in English 18 Oct 81 p 5]

ASIAN RAILWAYS COOPERATION--An 'Asian railways co-operation' under the aegis of ESCAP, Bangkok, will be set up shortly, reports PTI. A resolution in this regard was adopted at the ten-day-long conference of Top Railway Executives of Asia and the Middle East (TREAME) currently being held in the Capital. The conference, inaugurated on 14 October and attended by 20 countries including the USSR, Australia, China and Japan, also decided that 1982-92 be declared as United Nations 'Railways transport decade' for railways in Asia and the Middle East with the objective of making railways of the region an effective mode of transport. This would facilitate funding of the projects by the international lending agencies including

bilateral aid projects, Mr M S Gujral, chairman of the Railway Board, told newsmen. [New Delhi PATRIOT in English 18 Oct 81 p 7]

MAHARASHTRA MINISTER RESIGNS--New Delhi, October 18 (UNI)--The Maharashtra rural development Minister, Mr. Baburao Kale, tonight resigned at the instance of the chief minister, Mr. A. R. Antulay. Mr. Kale told UNI here that he had received a message from Mr. Antulay, seeking his resignation, through the state industries minister, Mr. Jawaharlal Darda, the irrigation minister, Dr. B. J. Khatal, and the public health minister, Mr. Baliram Hiray. Though he could not spell out the reasons for the chief minister's action, it is believed to be a result of his meeting the Prime Minister, Mrs. Indira Gandhi, in Delhi recently with the party dissident, Mrs. Premalatai Chavan. Mr. Antulay returned from the capital tonight after meeting the Prime Minister yesterday. Mr. Kale is the second Maharashtra minister to be dropped by Mr. Antulay in a surprise move. [Bombay THE TIMES OF INDIA in English 19 Oct 81 p 1]

JAPANESE LOAN AGREEMENTS--New Delhi, October 18 (UNI)--Six loan agreements totaling approximately Rs. 130 crores have been signed by Indian ambassador to Japan, Mr. K. P. S. Menon and OECF president, Mr. T. Hosomi, according to an official release. Among others, the agreements cover the Nagarjunasagar hydro-electric power station expansion, the Lower Mettur hydro-electric, the Lower Borpani hydro-electric and the Kirakund hydro-electric projects. [Bombay THE TIMES OF INDIA in English 19 Oct 81 p 9]

MUSLIM YOUTH ORGANIZATION--Bijapur, October 18--Muslim youth fundamentalists here have formed an organisation to uphold the teachings of Koran in regard to the morality and character of Muslims in general and women in particular. The organisation aims at discouraging Muslim women from seeing motion pictures, dramas and other entertainments prohibited by Koran. Men are being encouraged to restrain their womenfolk from attending such entertainments. Volunteers have been posted outside cinema houses to turn back Muslim women. Attendance in theatres is reported to be dwindling as a result of this step. [Bombay THE TIMES OF INDIA in English 19 Oct 81 p 9]

MICA TO USSR--Giridih, Oct. 18 (PTI)--The Soviet Union will purchase Indian mica to the tune of 20 millions during the next year, according to Soviet Trade Commissioner V P Senin. Mr Senin during his two-day stay here recently visited several export houses. Mr Senin said the Indian people were dependable and the private exporters stuck to supply schedules. [New Delhi PATRIOT in English 19 Oct 81 p 3]

NEW STUDENT BODY--Kanpur, Oct. 18 (UNI)--A two-day All-India Students conference here, sponsored by the Samajvadi Yuva Jan Sabha, decided today to form a new students organisation called the Loktantrik Chhatra Manch (Democratic Students' Forum). A resolution, adopted on the concluding day of the conference, emphasised that there was a need for a national students organisation committed to democracy, socialism, secularism and anti-authoritarianism, to deal with crucial problems facing the students community. The resolution called upon students opposed to the Congress-I and communal forces to rally together. [New Delhi PATRIOT in English 19 Oct 81 p 4]

TRIPURA DRILLING SITES--Agartala, Oct. 18 (PTI)--The Oil and Natural Gas Commission has selected 11 locations for drilling of exploratory wells in Tripura, according to official sources here today. So far six wells have been dug at Narmura, 30 km east of here where a huge deposit of gas had already been struck. According to experts the flow of gas at Narmura will account for 90,000 cubic metres per day. Apart from Narmura, drilling is also in progress at Gojalia, in South Tripura and Rikhia in the west district. A team of 25 Soviet experts are working at Rikhia. [New Delhi PATRIOT in English 19 Oct 81 p 8]

THREE-CURRENCY EUROLOAN--Bombay, October 19--The Industrial Credit and Investment Corporation of India (ICICI) has concluded a three-currency Euroloan for DM 30 million, Swiss franc 30 million and Japanese yen 3 billion. It has a final maturity of 10 years, with repayments beginning from the fifth year. The three-currency arrangement finalised by the ICICI would help better averaging of exchange risks as also interest rates. Mr. S. Kumarasundaram, joint managing director of the ICICI, signed the loan agreement in Hong Kong today. Lloyds Bank International and State Bank of India have been lead managers for the loan. The managers to the loan are Manufacturers Hanover Asia and Standard Chartered Bank. Besides the lead managers and the managers, funds have been provided by Bank of India, Indian Overseas Bank, Midland Finance, Syndicate Bank, Bank of Baroda, Banque Commerciale pour l'Europe de Nord (Eurobank), Banque Internationale de Gestion et de Tresorerie, Credit Agricole and Credit du Nord. [Bombay THE TIMES OF INDIA in English 20 Oct 81 p 6]

AIR FORCE APPOINTMENT--Air Marshal E. P. R. Nair has been appointed Air Officer Commanding-in-Chief of the training command at Bangalore. He will take over his new office on Tuesday according to an official release in New Delhi on Monday. [Bombay THE TIMES OF INDIA in English 20 Oct 81 p 5]

LOW-ASH COAL DISCOVERY--New Delhi, Oct. 19--A thick virgin coal seam, remarkably low in ash content, has been discovered in the Jharia coalfield. A reserve of 11.65 million tonnes has been estimated for this coal, according to scientists of the Central Fuel Research Institute (CFRI) in Dhanbad. The coal deposit with a thickness of 4.6 metres was found in the bottom section of seam-1 in the Patherdih-Sudamdih area of Jharia, CFRI said. Reporting the new find the scientists said: "It is remarkably low in ash and test results indicate that it is a superior quality medium coking coal and will form excellent blends with suitably matching coals for the production of metallurgical coke". [Madras THE HINDU in English 20 Oct 81 p 10]

CSO: 4220/7290

GENERAL NASUTION SEES EXPLOSIVE POLITICAL SITUATION

Kuala Lumpur BUSINESS TIMES in English 7 Oct 81 p 6

[Article by Francis Daniel in Jakarta]

[Text] FORMER Indonesian Defence Minister General Abdul Harts Nasution has said that the military-backed government of President Suharto will come under increasing pressure to introduce political and constitutional reforms before the general election next May.

General Nasution, expected to play a key opposition role, told *News* this week that the present situation in the country was explosive because of growing disenchantment with the power structure among politicians, students and members of the military.

"The longer you are resisting change, the bigger the explosiveness that is building up. It's like a volcanic condition and it's difficult to know in advance when the explosion will take place," said General Nasution, a revolutionary hero who also served twice as the armed forces chief of staff.

The 63-year-old retired general, believed to retain some sympathy as a career soldier within the Indonesian military, charged that President Suharto had deviated from the spirit of the constitution by allowing direct election of only 20

per cent of the 520-member Peoples' Consultative Congress (MPR).

The MPR, the nation's highest policy-making body dominated by the government's Golkar group and the military, has decided to allow

President Suharto to stand for elections for a fourth term in 1983.

So far no one has come forward to run against President Suharto, who gained power after crushing a communist coup attempt in 1965. General Nasution narrowly escaped communist assassination squads who wiped out six top generals in the uprising.

Under the present Indonesian system, more than half of the MPR members are appointed by the President and the government has the power to screen all candidates for Parliament.

In a National Day message on Aug. 15, President Suharto sounded a strong warning that disruption or political agitation in the 1982 general election campaign would not be tolerated.

It was only natural that political activity should increase prior to the poll, to be held on May 6, the President said, but

"we need to and are able to act wisely so that the rising political temperature still keeps within the bounds of control."

General Nasution made it clear that he was not advocating violent change, but wanted the government to correct what he described as constitutional deviations.

He said that the people's democratic rights could be safeguarded only if the MPR was fully elected and the Security

Command (Kopkamtib) created under emergency laws gradually restructured.

General Nasution was among 30 influential Indonesians who petitioned Parliament last year to censure President Suharto for not establishing a more democratic system.

A second group of 380 people, including retired generals, politicians and religious leaders, also circulated a petition among the MPR members last month calling for immediate reforms to the country's political and electoral machinery.

Describing Indonesia's current political system as "30 per cent democracy," General Nasution said the 600,000-

strong Indonesian armed forces (ABRI) would remain a dominant political factor in Indonesia.

"But I believe the constitutional awareness in the army and in the people is growing, so that in the near future constitutional deviations will be corrected," he said.

Senior military commanders pointed out, however, that the armed forces were prohibited under existing laws from taking part in the 1982 electioneering.

They said that the military was determined to maintain the current stable situation in the country and would allow no faction to stir up trouble during the run up to the elections.

Besides Golkar, which is a conglomeration of various functional groups, only two other political factions, the Moslem Party (PPP) and the Indonesian Democratic Party (PDI) are allowed to operate in Indonesia.

Golkar took 322 seats, the PPP 99 and the PDI 29 in the last elections in 1977. Golkar officials expressed confidence that they could repeat the performance. — Reuter

T D PARDEDE: SUCCESSFUL PARTY MAN BECOMES BUSINESSMAN

Jakarta JURNAL EKUIN in Indonesian Aug ~ pp 1, 12

[Article by Mega Pramono]

[Text] Medan--He is a tough-minded person. His speech is easy-going, and his Batak dialect is ungrammatical. However, he is free and easy in speaking with others, especially when business questions or sports are under discussion. Even with political questions he is fond of discussions.

He is also known as a supporter of the PNI [Indonesian Nationalist Party]. He says, "Talking about Marhaenism [the official ideology of the PNI] is easy."

Since the change in the political constellation in this country, Tumpal Dorianus Pardede has been better known as T D Pardede. He has become more inclined to involve himself in the business and soccer line.

He was born 64 years ago in Balige, on the shore of Lake Toba. At age 5 he was left an orphan. The wealth he has now is not an inheritance from his parents or left by his ancestors but is the result of the efforts which he has made for the past decades.

This spirit of dedication Pardede continues to urge on his children, even if they have some money, but children must not be spoiled. "Spending must be kept under control, especially for us businessmen. You can't be frivolous in using money," he says.

His business activity began with palm toddy and selling palm sugar from a bicycle, going in and out of various kampongs as a traveling salesman. Although his formal education only extended to the HIS [Dutch Native School for certain indigenous Indonesians] during the colonial period, Pardede is known as a clever man. His mind moves quickly when he is calculating a business question. Indeed, the economic tactics and strategy he follows are brilliant, although he never got those ideas in the classroom of a university.

Because of the wealth which he owns, Takushoku University in Japan in 1967 awarded the degree of Doctor Honoris Causa to T D Pardede. In the same way the Faculty of Economics of the University of North Sumatra in 1965 gave him a degree as an expert economist.

He has turned from the business world and its struggles with determination and diligence. And the star of serenity shines on this father of 9 children. At present there are five groups in his business interests, respectively the Hotel Group, the Banking Group, the Foundation Group, the Surya Sakti Group, and the Textile Group. The entire enterprise employs no less than 5,000 staff and workers. The Hotel Group began to be developed in 1970, with the operation of the Motel Danau Toba [Lake Toba Hotel], the Mini Hotel International, and the Pardede Hotel in 1971. In 1972 he added the New Belawan International Hotel and the Hotel Danau Toba. The Pardede Hotel International in Jakarta was opened in 1973, and in 1980 an international class hotel was opened in the resort city of Tebing Tinggi [North Sumatra], in Deli Serdang Regency. His hotels have 600 rooms in all. All of these assets are worth more than Rp 50 billion.

The Hotel Danau Toba International in Medan, which is at the intersection of Jalan Utama Imam Bonjol and Jalan H Zainul Arifin, is exactly in the heart of Medan. At present its total number of rooms is being increased from 200 to 290. The addition of one floor and of these rooms will cost Rp 1.5 billion. The occupancy rate of this hotel, on the average, is about 90 percent. About 75 percent of the guests are businessmen from various world business firms visiting North Sumatra.

In addition to the Hotel Group, Pardede also plans the development of a modern shopping center, which will have a movie theater. It will be located near the hotel complex of the Danau Toba International.

In talking to JURNAL EKUIN, Pardede said that he was particularly pleased to open this business enterprise, which can provide employment to many workers, in view of the fact that this country is still short of opportunities to work. Almost all of his enterprises use a great deal of labor (labor intensive).

From this beginning he hopes that indirectly he can help the government by providing opportunities for work.

Regarding the Hotel Danau Toba International, which was constructed in 1972 at a cost of Rp 2 billion, its debt has been liquidated.

Speaking of the number of businessmen who are now directing their attention to the hotel industry, Pardede looks on the matter positively. This is because the pace of development and the flow of tourism are increasing every year. "For that reason indeed we need good hotels," he said.

He said that if the increase in construction of hotels in Medan at present is projected over the next 2 or 3 years, this will be very good. "However, if you look at it over the short term at present, there are already too many hotels," he commented.

Pardede suggested that in order to attract a greater flow of tourists to Indonesia, particularly to North Sumatra, there needed to be a more effective kind of management of the tourism sector. This is because this sector is a source of foreign exchange of benefit to the country. It is time for the government to consider developing Lake Toba as a representative object for tourism of an international dimension.

If the government has the desire to do this, it certainly can do it, because to make the Lake Toba area secure, police power is needed. He said that the tourist city of Parapat needs to be cleaned up, and the people who are living on the shores of the lake must be moved to other locations.

Clearly, the strong hand of the government can resolve the problem if this is desired. Then, the government should sell or rent the area developed to private parties who will operate it in a professional way. In this way the effort to develop the tourist city can be properly controlled.

"In the present condition of Parapat, it looks more like a dead tourist city, because we are only relying on the natural beauty of Lake Toba, without providing for proper development and care," said this leader in the tourist industry.

5170

CSO: 8127/0209

ECONOMIC DEVELOPMENT IN OUDOMSAI REPORTED

Vientiane SIANG PASASON in Lao 7 Jul 81 p 2

[Article by Phendinkham: "Trading in Oudomsai"]

[Text] The Oudomsai trading sector, like other sectors, is an important office which has served the people, multi-ethnic population, soldiers, and cadres in eight districts within the province since the period prior to the Liberation.

Since the establishment of the sector its duties have been under continual improvement and expansion despite the difficulties in distributing and transporting of goods between districts, cantons, and villages. However, due to the attention and leadership rendered by the provincial party committee, as well as the resolute decisionmaking by the trading cadres, whose sense of responsibility for their duties is sincere and flawless, the sector was able to utilize the joint efforts of these cadres to expand the trading network to reach the people's production bases so as to distribute and transport various goods such as cloth, salt, household goods, production equipment to the people residing in both the mountains and the plains. The people in the districts of Sai, Beng, Houn, and Pakbeng, in particular, have successfully distributed their goods and expanded their trading, and have, as of 1980, organized 98 trading stores throughout the province including canton stores. In comparison with trading in 1978 when there were only 11 trading stores and where the supply was lagging behind the people's demand, and their trading amounted to only 4,173,160 Bank Kip, in only 9 months of 1980 income from sales was 1,474,800 Kip, and the purchase of forest goods, such as cotton, jute, resin, cardamom, fig-tree resin, deer horn, steer hide, pangolin scales, peanuts, soybeans, yams, and other goods totalled 2,669,954 Kip. In addition, the province also transported its goods to sell in other provinces, and its domestic animals and other produce such as tobacco to sell to the central administration. As a result, the province has increased the income of its population every year. Moreover, it has also maintained wholesale and retail stores and eateries throughout the province to serve the general public. The province is now able to supply the public demand adequately and it has therefore improved the daily lives of the people, multi-ethnic population, soldiers, and the cadres. It is also able to lay a solid foundation for the economic development for the entire province and to move forward to fulfill the five-year economic plan designed by the state and the province.

9013

CSO: 4206/63

PUBLIC SECURITY SERVICE CULTURAL SCHOOL DESCRIBED

Vientiane SIANG PASASON in Lao 13 Jul 81 p 2

[Article by Lattasak: "An Island of Education"]

[Text] Following the issuance of the order No 08/NY, dated 14 January 1977, regarding the nationwide eradication of illiteracy, the Ministry of Interior began to clear the jungle near Phou Se, approximately 110 kilometers north of Vientiane, to construct the Public Security Service Cultural School, whose students include the combatants and cadres from various divisions of the Ministry of Interior.

The school's objective is not only to educate and increase cultural awareness among the security forces so that they can properly carry out their duties, but to equip young cadres and combatants and other youths with a high level of cultural awareness so that they may pursue their specialties either in Laos or abroad. In addition, the school has as its duty to educate and train its students to grasp the basic qualities of revolutionary combatants.

The school is organized and divided into two systems: the cultural course, which comprises 290 students, 50 of whom are female. Of these students, 281 are 15-36 years of age, and the remaining 9 are between 36 and 50 years old. The general education system comprises 29 students, 3 of whom are female, 25 students are between 10 and 14 years old and 4 are between 15 and 16 years old. There is a total of 319 students and 13 teachers, 3 of the teachers are women. Of the five mid-level teachers two teach natural science, and three teach social science. The five basic-level teachers have been appointed by the Ministry of Interior and trained by the Vientiane Teacher Training School. Three teachers are part of the organization. All the teachers are young and are supported by a number of cadres.

Capt Khamchan, director of the school, told us that the school was constructed and completed through the harmonious efforts and initiative skills of the teachers, students, and combatants attending the school. Even though the school is small and simple in design, it was well-built and well laid out. Capt Khamchan further said that prior to the construction of the school, the location was very hilly and forested, but due to the hard work of those involved, it was cleared and levelled. As a result, the school compound is currently suitable for various types of sport activities, and several spots are designated as volleyball court, rattan ball court, ping-pong court, etc. There is also a large club house which has the capacity of over 300 seats; a large kitchen and dining room, as well as large offices. In addition, there are numerous classrooms and bedrooms.

The school opened its first unit on 30 September 1977 with only 158 students and 2 types of classes, i.e., the illiteracy eradication class and the elementary cultural enhancement class, which runs from the first to the third grade. The school currently has as many as six units, comprising three types of classes: the illiteracy eradication class, the elementary cultural enhancement class, and the secondary class. In addition to these classes, the school also has general academic classes for its students. Realizing that the school has expanded so rapidly, 2nd Lt Phiang Phompanya, deputy of the school committee who is also in charge of the educational tasks, said that teaching at the school involves 4 hours of classwork in shifts so that other students and teachers can take their turn to go to class while those who have finished their classes may either rest, work outside, forage for food, or prepare their lessons. Each class is scheduled to last only 4 months because of teacher shortages. On the whole, however, all the teachers at the school are determinedly and seriously carrying out their specialties.

The administrative system is divided into sections 1 to 5, with three cadres taking responsibility for each section. Each section is further divided into subsections or groups for ease of supervision and mutual benefit in drawing conclusions. Although the material foundation for teaching and learning is inadequate, the teachers and students have jointly created conditions and materials for use in lieu of actual teaching aids.

All the above tasks have shown us the courageous determination to train and educate themselves among these cadres, teachers, and students at the school. As a result, the school foresees a great expansion in the future having learned from strengths and weaknesses since the opening of the first unit. Each unit that was subsequently opened saw much improvement in quality and quantity of the school through examination results, and the school hopes to see future expansion with the arrival of the next group of teachers and students so that it is moving closer toward victory in the new socialist educational system.

9013

CSO: 4206/63

BRIEFS

THOULAKHOM DISTRICT POPULATION--Thoulakhom District [Vientiane Province] currently comprises 12 cantons, 82 villages, 5,232 households, and 6,224 families. Its total population is 34,600, the majority of whom are Lao-Loum. The Lao-Soung are the second most numerous. Eighty-five percent of the population are farmers. [Excerpt] [Vientiane SIANG PASASON in Lao 8 Jul 81 p 2] 9013

CHAMPASSAK POPULATION--Champassak Province is situated in the southern part of Laos, comprising 10 districts, 66 cantons, 822 villages. Its total population is 352,950, and 185,548 of whom are women, 136,577 are the elderly and children. There are 32,985 Lao-Theung people, and 18,108 of whom are women. [Excerpt] [Vientiane SIANG PASASON in Lao 14 Jul 81 pp 2,3] 9013

CSO: 4206/63

UNDP AID TO PAKISTAN AT \$92 MILLION

Karachi MORNING NEWS in English 6 Nov 81 pp 1, 10

[Text] Islamabad, Nov. 5: Pakistan will receive an assistance of 92 million dollars over the next four years for development projects under United Nations Development Programme (UNDP).

This was stated by Minister for Local Government and Rural Development Fakhre Imam today in an airport interview on his return from New York.

Mr. Imam said the programme has already commenced with the beginning of the current financial year and the assistance would be utilised on the UNDP projects to be executed in the country.

Mr. Fakhre Imam said that projects are selected after mutual consultation and was happy over the results of the talks, which he had with UN officials.

The Minister met with Dr. Kurt Waldheim, the UN Secretary-General, American congressmen and Senator Bradford Morse, Administrator of the UNDP and officials of the UNIDO.

He said they are satisfied over the pace of development in Pakistan particularly over the progress made by the country in the agricultural fields.

He said he apprised them that some 1,100 villages were electrified every year since this Government came to power as compared to the electrification of 280 villages annually in the decade of Seventies. He said today the country was self-sufficient in wheat production--a fact, he said was duly noted by United Nations officials.

The Minister said the Government was endeavouring to accelerate the pace of development and international assistance would go a long way in achieving this goal.

He revealed that a UNIDO team is expected within three months to negotiate agro-based projects to be financed by different United Nations agencies. He said he had discussed the question of establishment of such industry which he said, was very much needed with the development of necessary infrastructure.

He said the team would study various Pakistani proposals during its stay here.

Mr. Fakhre Imam said the UNDP Administrator, Mr. Bradford Morse, showed a great interest in the uplift of rural areas in Pakistan. He said Mr. Morse, a former Congressman was fully aware of problems facing rural population and assured full support to Pakistan's development requirements.

During his stay in New York, the Minister also addressed Second Committee of the General Assembly on economic and finance and urged the developed countries to extend soft-term loans to the nations of the Third World, and speedy transfer of technology.—APP.

CSO: 4220/85

IDA LOAN TO PAKISTAN SET AT \$30 MILLION

Karachi DAWN in English 7 Nov 81 p 1

[Text] RAWALPINDI, Nov 6: Private industrial development in Pakistan will be assisted by a credit of SDR 26.7 million (dollar 30 million) approved by the International Development Association (IDA), the concessional lending affiliate of the World Bank.

The IDA credit will provide foreign currency for investments in small and medium sized enterprises in the private sector. It will also assist in improving the overall institutional and financial structure of the Industrial Development Bank of Pakistan (IDBP). This Bank will use the funds in its lending to private firms primarily in manufacturing and processing industries.

IDBP is one of two development banks in Pakistan that service the private sector. The other is PICIC Pakistan Industrial Credit and Investment Corporation which is also supported by the World Bank. While there is an intentional overlap between IDBP and PICIC to encourage competition, IDBP loans are generally under Rs. 15 million, whereas PICIC lends for upto Rs. 50 million. IDBP thus caters to a smaller size firm. In the years ahead, IDBP intends to give priority to export-oriented, agro-based, labour-intensive projects.

IDBP has been previously assisted by an IDA credit of dollar 20 million, which was disbursed over 1970-78. In recent years, the World Bank has channeled funds through IDBP for special purposes. Under a highway project, dollar 6 million was made available to IDBP for loans to domestic contractors, and dollar 24 million was made available under a small

industries project. Under this small industries project, dollar 500,000 is being used to set up a special fund within IDBP to finance the preparation of investment studies and specific project proposals for small-scale industries.

The new credit of dollar 30 million will help finance an estimated 80 industrial projects, generating about 4,500 additional jobs.

The IDA credit to Pakistan will be for 40 years with 10 years grace period. It will be interest-free but will carry a service fee of three fourths of one per cent to cover IDA administrative costs. The credit will be committed when funds are available.—APP....

DEVELOPMENT OF ARID AREAS GIVEN TOP PRIORITY

Karachi DAWN in English 7 Nov 81 p 4

[Text] QUETTA, Nov. 6. The Chairman of Pakistan Agriculture Research Council, Dr Amir Mohammad, has said that the Government was accorded top priority to the development of the arid areas.

He said the staggering three per cent increase rate in the population of the country, which would almost double the population by the year 2000, posed a colossal challenge and necessitated the evolution of a prudent approach resulting in enhancing the agricultural production to the required level.

The nucleus for this policy would be the scientific research and the implementation of its results through an efficient management system structured on scientific lines.

Addressing the inaugural session of the one day seminar of international roving mission on arid lands, he said that the per acre yield in Pakistan, was the lowest in the world and there existed a great scope to secure increased production from the areas already under cultivation in addition to bringing more areas under cultivation and improving the conditions in the arid zones.

The mission, which was on a visit to Pakistan as a result of the joint efforts of PARC and UNESCO would visit different cities and areas in Pakistan to explore the avenues of possible cooperation by evolving strategies to improve conditions in the arid areas through blending the local expertise with the knowhow at their command, properly adapted to the local conditions, he added.

The mission members also addressed the seminar and its leaders stressed that the mission after the conclusion of its visit would prepare a report and also recommend UNESCO to finance the projects found feasible by the mission. The mission is also likely to visit Kalat and Mastung before leaving for other parts of the country.

Mr Amir Mohammad Khan further told the seminar, that the Arid Zone Research Institute had been directed to evolve a package of technology and give to the farmers to bring arid areas under cultivation. He said increased farm production was all the more imperative for Pakistan because during the next two decades Pakistan ought to increase agricultural production at least by three times to meet the demand of rapidly growing population. He also asked for evolving appropriate technology and its application to farm fields in the country.

He hoped that the seminar would come out with practical and positive recommendations for implementation.

The seminar was attended among others by the members of the visiting international roving mission on arid lands.

The mission has already visited Karachi and Hyderabad and Quetta. It will also visit Bahawalpur and other arid areas of the country during its two-week visit to Pakistan.—APP

CSO: 4 220/85

COUNCIL OF ARCHITECTS, TOWN PLANNERS PLANNED

Karachi DAWN in English 7 Nov 81 p 10

[Text] ISLAMABAD, Nov. 6: A high-powered committee set up under the direction of the Federal Cabinet, is understood to be considering the draft of a law to set up a council of Pakistani architects and town planners on the lines of Pakistan Engineering Council, in order to regulate the work of town planning and architecture in the country.

It is stated that all the relevant representative bodies concerned with town planning and architecture have been offered an opportunity of expressing their views and giving their comments on the draft law before the committee is able to finalise its proposals for the consideration of the Cabinet. The council, when set up, will regularise eligible architects and town planners to register with it. Similar requirement exists for engineers.

It is officially learnt that the need for establishing a council of architects as in the case of engineers, had been felt for a long time since the development of new urban areas involved large-scale planning and civil works and duly qualified persons for this important work. Needless to say, town planning was not always done by competent persons, thus leading not only to faulty plans but to structural failures as well.

It is stated that, among other things, proper categorisation of engineers and architects and town planners would help in improving town planning, architecture and landscaping in the existing towns and cities and in developing new towns and townships.

The Capital Development Authority had sometime ago also introduced a new condition that the architects responsible for planning private and public

buildings, should associate engineers with their work so as to ensure that the civil works had been planned on proper structural calculations, specially in case of buildings of more than two storeys and more particularly the high-rise buildings.

DEFECTIVE PLANNING

A glaring example of defective town planning without due care to its practical and aesthetic aspects, and of defective landscape and poor structures, is seen in several sectors of the newly built federal capital. Many parts of Islamabad are planned and developed with such thoughtlessness that they have already begun to look like potential slums. It is more regrettable, when one realises that millions of dollars were paid to foreign consultants of various nationalities, while planning and developing Islamabad.

While the proposed law for the council of architects and town planners is regarded a confidential document, it is said that it will clearly specify the qualifications and terms for architects and town planners. The creation of the proposed council is also expected to help clearly demarcate the areas of activities of architects and town planners and that should eliminate the present tendency among engineers, architects and town planners to grab from each other as much as possible of most of the available construction business.

An official source declined to comment on the current public bitter controversy between the engineers, on one hand and the architects and the town planners,

on the other. The engineers, in a recent appeal to the president of Pakistan, had opposed the proposed council of architects and town planners and pleaded that the architects were ill-equipped to be recognised as equal to them in executing civil works and allied jobs. The engineers appeared to suggest that they were qualified to undertake either solely or in association, all kinds of architectural and town planning jobs as well. At best they were prepared to accept architects as their second men and not as equals in matters of official recognition.

A few days later, the Institute of Architects, in a public announcement, joined the issue with engineers by fervently supporting the Government move to set up the council of architects and town planners in Pakistan. The architects strongly contested the engineers' assertions against the architects in which it was implied that they were not even duly qualified to be categorised as such.

A cryptic official comment was that the public controversy clearly reflected the quarrel among the engineers and architects over 'their bread and butter'. However, what is important is that the committee set up by the Cabinet and the relevant Government departments has already elicited the considered views of the bodies of engineers and architects and would welcome any fresh ideas from the concerned quarters. Their opinions, an official said, should help the committee to give deep thought to the work assigned to it and make objective assessment and recommendations to the Government. The committee is headed by the secretary, Planning Division.

CREATION OF INVESTMENT OPPORTUNITIES FOR OVERSEAS PAKISTANIS ASKED

Karachi BUSINESS RECORDER in English 2 Nov 81 p 2

[Text]

Manpower export once known as 'brain drain' and considered injurious for the economy as a whole, is now a major exchange earner for the country. Its contribution in relieving the ever-increasing burden on our balance of payments is definitely substantial which has been recognised by all. It was in recognition of this fact that the Government itself took steps to regularise the outflow of labour and devise ways and means to maximise earnings through this source of exports. It was in later years that the authorities thought of sending trained personnel because this amounted to export of 'value added' and fetched larger amount of foreign exchange than did the raw hands. The birth of the Overseas Employment Corporation and setting up of several technical and vocational training institutes with this very objective in view, paid large dividends and the earnings in the form of home remittances increased manifold over the years. In the last fiscal year these were estimated to be more than two billion dollars. Being the fastest growing component

of the gross national product, these earnings constitute about 7.5 per cent of the GNP. The real rate of their growth is around two-and-a-half times that of the GNP. Despite being a useful and now to a great extent reliable source of foreign exchange earning, home remittances have produced some unhealthy effects on the economy. But this is mainly the result of bad planning and the failure of our economic managers to realise the extent these could be useful to the economy as a whole. These earnings added to the inflationary pressures in the country. According to a study undertaken by the National Investment Trust, 63 per cent of these remittances went into the consumption sector and 24 per cent into real estate. A mere 13 per cent was routed to productive sectors. Even this investment, the study revealed, was predominantly in commercial enterprises with the balance placed in agricultural lands and real estates. Only two per cent of the investment was in the financial instruments floated by institutions, financing and industrial pro-

jects. In this regard the introduction of the State Enterprise Mutual Fund scheme is worth mentioning and can be termed a serious effort for mopping up the savings of the Pakistanis working abroad and channelling them in productive sectors.

All said and done, we have, as a matter of fact, failed to tackle the issue effectively. Sporadic efforts could never yield positive results. And this is what we have been doing so far. There is no denying the fact that a saturation point is now fast approaching. The rate of increase from this source of exchange earning is bound to decline in future. A reverse trend in the flow of labour from abroad to home may not be very far off. Before such a trend actually sets in, we must do something to utilise this asset for the maximum lasting benefit of the country.

That the Pakistanis working abroad are keen to invest in the country is evident from the fact that whatever schemes are introduced, their response is enthusiastic. In the SEMF they participated quite enthusiastically and initially

an amount of Rs. 104.6 million was mobilised through it. Then some other investment schemes were put before them, and they responded with the same spirit. Only the other day the Punjab Small Industries Corporation disclosed that it had received as many as 419 investment proposals from the overseas Pakistanis in response to a scheme to persuade them to invest their savings in setting up small industrial units. The corporation had sent delegation to the Middle East and some European countries to apprise the Pakistanis there of the investment opportunities existing in the country. They willingly agreed to take part in the scheme. This shows that about all we need is to inform the overseas Pakistanis of such opportunities. It must be realised that they do not have the necessary experience or enterprise to invest in industrial ven-

tures. They need to be guided. For the purpose frequent visits of the representatives from such institutions as are engaged in productive activities, will be imperative. The task is quite gigantic and cannot be accomplished by the public sector alone. Besides, the working of the public sector is always subject to certain official rules and procedures. Their approach is not hundred per cent commercial or business-like. Hence, the private sector should be associated with the job. It should be allowed to set up investment companies in countries where large numbers of Pakistanis are concentrated. These companies would help in pooling the resources for setting up big industrial concerns at home. However, the scheme prepared and executed by the Punjab Small Industries Corporation is worth emulating. Similar agencies in other provinces should follow the suit.

CONSTABLE CAPTURES DISTRIBUTOR OF SUBVERSIVE LITERATURE

Karachi MORNING NEWS in English 6 Nov 81 p 1

[Text] Rawalpindi, Nov. 5: President General Mohammad Zia-ul-Haq has appreciated the role played by Constable Amir Hussain of Islamabad police in apprehending a prominent culprit disseminating subversive literature.

The President also ordered Constable Amir Hussain's immediate promotion to the rank of Head Constable and awarded him a cash award.

The President met Head Constable Amir Hussain here today along with two Chowkidars, Ali Mohammad and Mohammad Khateab Gul, who helped him in overpowering the culprit. The President also gave cash awards to the Chowkidars.

It may be recalled that subversive literature was being distributed for some time in various cities under the title of "Jamhoori Pakistan", a fake fortnightly publication.

Some time back, it was learnt that an unknown person used to distribute this literature at night in certain shops of Melody Market, Islamabad. On hearing this, a police party, including Constable Amir Hussain under the supervision of Inspector Mohammad Nawaz, SHO Aabpara, Islamabad, was formed. On the night between Nov. 2-3, at about 0030 hours, a man appeared on the scooter and entered the market, carrying some packets in his hands.

Standing aside in civilian clothes, Constable Amir Hussain began to watch his activities. The man placed an envelope at the door of old book shop and tried to ride off the scooter. Amir Hussain caught him and raised an alarm for help. The two Chowkidars of the market came for his help and they jointly overpowered him. The culprit was subsequently taken to the police station. He was later identified as Mohammad Jamil, a teacher at the Quaid-i-Azam University, Islamabad.

On search, 37 handbills of this kind were recovered from him.--APP.

CSO: 4220/85

EDITORIAL CRITICIZES EXPORT OF VEGETABLES

Karachi MORNING NEWS in English 4 Nov 81 p 4

[Text]

ALTHOUGH vegetable prices generally go down during winter, this year they have shown a distinct upward swerve, much to the chagrin of the hapless consumer. And the reason is not far to seek. Prices of many vegetables are reported to have recorded a steep rise in the city owing to tapering off of supplies in the wake of their export to the nearby countries. As a matter of principle, export of any item which we have in surplus is unexceptionable. In fact, the solution to our serious balance of payments difficulties lies in exploring all avenues of export. But in the context of continuing shortage of vegetables, fruits, pulses and poultry in the country, the export of vegetables can hardly be considered advisable. There may be some substance in the Federal Commerce Secretary's assertion that the Government has allowed export of only those food and vegetable items which are surplus after meeting home requirements and that the export of these has been permitted to safeguard the interest of the growers. But the fact that except onions, all other vegetables have become costlier and are not within the easy reach of the local consumer belies the statement. Had there really been an excessive production of all these commodities, the prices would not have soared so high. The Federal Commerce Secretary has cited the example of potatoes and onions whose surplus production led to a crash of prices to the grave detriment of the grower. This may be true and thus the export of these items may be justified. But as regards other vegetable items, no in-depth study seems to have been made vis-a-vis their demand and supply before embarking on their export as a result of which their prices have taken a steady uphill course. It is such ill-conceived policies that are the bane of our economic planning subjecting the hard-pressed consumer to great hardship. It is these policies that mainly account for the inflationary spiral and the subsequent wage hike which takes the form of a vicious circle one following the other only leading to the exacerbation of the inflationary pressure.

In fact, it is a debatable point whether price increase serves as an incentive to agricultural production. It has been noticed that whenever, the price of a certain crop has been raised, the growers have diverted their lands to this item from other products. And thus the policy has promoted one crop at the expense of others. No wonder, then, that the Federal Food and Agriculture Minister's statement that this year support price for wheat would not be increased and emphasis would be laid on raising per acre yield was widely welcomed. To achieve the desired goal, incentives would be provided to the farmers in the form of easy availability of better seeds, fertilisers and other inputs. However, a bold departure was made from this policy in the case of cotton and sugarcane whose prices were revised upward.

Such inconsistencies and anomalies in our farm policy are mainly responsible for lopsided development in the agriculture sector. One sector should not be allowed to gain at the cost of others. Only a well-coordinated and comprehensive policy can ensure speedy and uniform growth of agriculture which is the backbone of the national economy. The lack of such a policy will continue to confront us with shortage of one kind or the other. Only recently we have witnessed a heavy shortfall of 30 per cent, in the output of pulses while the demand has increased due to rise in population. As a result, pulses have not only become scarce and costlier, it has also forced the Government to spend a colossal amount of Rs. 25 crore in foreign exchange on their imports to meet the deficiency. Such a situation can be avoided with a little bit of care and imagination.

There can be no denying that our salvation lies in maximising exports but not at the cost of the local consumer. We must first endeavour to have a sizable surplus of vegetables, fruits, poultry and other food items before exploring their export avenues. To maintain that we have excessive production of vegetables is a travesty of facts. The chronic shortage of vegetables and their mounting prices in major cities and towns belie the assertion. If the benefit of existing high prices is not accruing to the grower, it may be attributed to the machinations of the middleman. The grower's interest would have been better served, had the middleman's artful manipulations been checked and his margin of profit curtailed. This would have also spared the consumer the hardship he is undergoing at present. At least some effective steps should be taken to check the retailers and wholesalers from indulging in profiteering and fleecing the public, who are already hit hard by rising prices all round. The recent price hikes in various commodities of daily consumption and the current liberalisation of the export of vegetables and other food items are likely to change the price structure of many other items as a chain reaction. This calls for a deeper analysis of the situation and effective measures to keep the prices down.

BRIEFS

ISLAMIC COURT OF JUSTICE--Karachi, Oct. 30--The International Islamic Court of Justice is expected to start functioning sometimes towards the end of next year, following approval by the Islamic Conference of Foreign Ministers to be held in May next year. The Court will resolve differences and disputes among member States of the Organisation of Islamic Conference (OIC) in accordance with the principles of 'Shariah'. Every Muslim country will have the right to submit cases it sees fit for submission before the Islamic Court. Kuwait had first proposed the formation of an Islamic Court of Justice at the Third Islamic Summit held in Taif in January this year. Meanwhile, the final draft of the Charter and Statutes of the Court will be submitted before the conference of Islamic Justice Ministers, being held in Feb next year for consideration. The Judges to be appointed would be of proven knowledge and morality of the highest order. They would be famous scholars of Islamic Jurisprudence and would have the finest qualifications, desired for these posts. The Federal Law Minister, Syed Sharifuddin Pirzada, is the Chairman of the Experts and Jurists Committee, which met at Jeddah last week and finalised the draft of the Charter and Statutes of the Islamic Court of Justice. [Text] [Islamabad THE MUSLIM in English 31 Oct 81 p 12]

SUNFLOWER CULTIVATION--Hyderabad, Nov 3--In Sind sunflower is to be sown on 4000 acres, during the coming spring sowing season. The government has already prepared a five-year plan to boost oil-seed production by 44 percent, by 1985-86. According to the official figures available here, Sind produced 835 metric tonnes of sunflower, safflower and soyabean during both spring and autumn of the current season. Meanwhile, speaking at gathering of agriculturists here yesterday Mr Fateh Mohammad Nizamani, an official spokesman of the Hyderi Industries Ltd. called upon the growers to rise to the occasion and grow more oilseed varieties, for giving a boost to the vanaspathi manufacture, he said that the country was spending Rs. 300 crores per year for importing edible oil--required for our barest vanaspathi ghee consumption. Now that the Government has extended full facilities and guidance for production of oil-seed the farmers must take fuller advantage in coming forward to bring more lands under oilseed cultivation, he added. [Text] [Karachi MORNING NEWS in English 4 Nov 81 p 4]

FARM MARKETING FIRM--Lahore, Nov 6: The Federal Government has set up marketing company, Agriculture Marketing and Storage Limited, with an authorised capital of Rs. 100 million provided by the Federal Bank of cooperatives. This company will develop and maintain a chain of cold storages and undertake competitive marketing of fruit, vegetables and milk in order to ensure a reasonable price to producers of perishables. The company will help maintain a steady supply of such commodities in domestic markets and develop export outlets. According to official sources the possibilities of extending the operations of the company to meat, poultry, eggs and fish is also under consideration. The marketing company is expected to pay special attention to the marketing of onions and potatoes grown in Baluchistan.--PPI. [Text] [Karachi DAWN in English 7 Nov 81 p 1]

NATIONAL DRESS URGED--President Zia-ul-Haq on Monday called upon the civil servants to adopt national languages and dress to bring themselves closer to people. For addressing the participants the President who had always been making speeches in Urdu had to choose English, but under compulsion. His host, Mr. Masrur Hassan, Principal, Pakistan Administrative Staff College, presented the address of welcome in English. The President, however, remarked that western dress should be discouraged. If bureaucrats wore 'qaumi labaa's' (national dress) this would reduce the distance between a Government servant and public. He recalled how the Quaid-i-Azam had chosen to wear national dress after the establishment of Pakistan. He said the same attitude should be adopted by civil servants. In the matter of language also, he asked Government servants to give preference to Urdu. On its part the Government had been taking steps to promote Urdu in offices. The College Principal said that it was for the first time that the Head of State was visiting the institution since it was founded by late Field Marshal Mohammad Ayub Khan in 1961. The College, he said was devoted to improving the capability of services. [Text] [Lahore THE PAKISTAN TIMES in English 3 Nov 81 p 1]

CSO: 4220/85

PAPUA NEW GUINEA

PAPUA NEW GUINEA FACES AUSTERITY BUDGET

BK031020 Hong Kong AFP in English 0746 GMT 3 Nov 81

[Text] Port Moresby, 3 Nov (AFP)--Papua New Guinea faces two years of austerity under the budget brought down today by Finance Minister Mr John Kaputin.

Describing the 1982 budget as "an adjustment budget", Mr Kaputin said that in real terms there would be zero growth in 1982 and 1983 with a one per cent growth in the budget predicted for 1984.

However, the portion of the 1,000 million U.S. dollars set aside for goods and services--95 million U.S. dollars--represents a cut on this year's figure. There will be a similar cut in 1983 the minister said.

Smokers, drinkers and car buyers and fuel users of any imported kind all face increases in the new budget. The 10 percent increase in the retail price of new cars as a result of import levies is a hard knock for the car showrooms with sales already slumping due to tight commercial lending limits.

Most of the country's car imports come from Japan.

Mr Kaputin said the country could not borrow more to fund government spending which is being restricted as a result of plummeting commodity prices.

He announced a relaxation in the localisation policy in the plantation sector where leases will now be issued or transferred to non-citizens where conditions on redevelopment, national participation and land availability are satisfied.

The government is also making more money available in loans in a bid to boost rural production.

There will also be at least one and possibly two new commercial banks in the country in the near future. Mr Kaputin said the reserve bank had been negotiating with a number of well-known international banks. He declined to name them.

The national carrier Air Niugini is to receive a further 1.5 million U.S. dollars in government equity and airports are to be upgraded to receive the De Havilland-7 aircraft due to be introduced next month. Airport departure tax has been doubled to 30 U.S. dollars.

CSO: 4220/50

PHILIPPINES

BRIEFS

MNLF MEN DERY MISUARI--Camp Aguinaldo, 12 Oct--Defense Minister Juan Ponce Enrile has said selfexiled leader Nur Misuari of the Moro National Liberation Front has lost his grip over his followers as indicated by the recent show of defiance by four of his commanders. At the same time, "there has been no appreciable increase in the level of fighting in the south, indicating the possibility of Misuari's men no longer respecting his authority," Enrile told Lions Club members in his speech during the induction ceremonies for the officers of District 301-A Sunday night at the Philippine Plaza Hotel. Enrile said Misuari's orders were defied by four top commanders namely: Paning Carama of Basilan, Dian Lay Lim of Sulu, Hadji Jacob Ibrahim of Zamboanga del Norte, and Talip Kalam of Zamboanga del Sur. [Cebu City VISAYAN HERALD 13 Oct 81 p 1]

RICE SURPLUS PREDICTED--The Philippines is likely to have a rice surplus of 30 to 50,000 metric tons by next year. National Food Authority Minister Jesus Danchanco said the surplus would enable the Philippines to continue exporting rice. Danchanco denied previous reports that the country faced the possibility of importing rice within the next 2 years. In a report to Prime Minister Cesar Virata, Danchanco said that an exportable rice surplus will be made by next June, due to the current sizeable inventory and favorable crop situation. The Philippines is exporting rice to Brazil, Indonesia, Malaysia, Singapore, Senegal, Mexico and Vietnam. [next] [HK110317 Manila Far East Broadcasting Company in English 0230 GMT 11 Nov 81]

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